

From Wealth to Impact

How family offices translate impact intentions into outcomes

Fredrik Holmberg (24544) & Lorenz Schwab (42343)

Abstract: Significant actions are necessary to address today's urgent societal challenges. Through the increasingly popular concept of proactive sustainability investments - impact investing (II) - family offices (FOs) aim to contribute to this change. Previous research explains why they are drawn to II, but less is known about how and if they succeed to translate their impact intent into actual outcomes. Building on Socio-Emotional Wealth (SEW) theory, and the related FIBER model, the purpose of the study is to investigate whether FOs' ownership uniqueness can provide deeper insights into the impact translation process. Employing an abductive qualitative approach, we conducted 20 interviews with senior decision-makers in FOs and their portfolio companies. We discovered that all dimensions of family ownership in FIBER influence how FOs translate their non-financial impact priorities into outcomes. We were also able to categorize these dimensions as enablers, barriers, or both. The desire for control (F) has the most significant influence on the process, providing numerous enablers for impact. Conversely, identification with investments (I) presents the most barriers. Binding social ties through relationships (B) serve as a strategy, enabler, and barrier for impact. Furthermore, emotional attachment to their actions (E) and renewal through the family (R) were more and less impactful, respectively, than initially theorized.

Keywords: family office, family ownership, FIBER, impact investing, socio-emotional wealth

Supervisor: Mattias Nordqvist, Professor at Department of Entrepreneurship, Innovation and Technology

Acknowledgements

We would like to thank Mattias Nordqvist for the excellent thesis supervision. It was highly reassuring for us to know that you were always there, ready to support, while also constantly managing to see interesting angles and ways forward we could not find ourselves.

Additionally, we want to thank every family office and portfolio company that took plenty of time out of their busy schedules to speak with us. Your contribution provided the essential insights for making this thesis possible, and we hope that the contributions will help you navigate the complex impact space, making our world a better place.

Fredrik & Lorenz

Key concepts and abbreviations	Definitions specific to the study
Family enterprise	<i>Enterprise owned by an individual or a family, characterized by a reciprocal impact of family on business, that distinguishes family business from other ownership types (Sharma, 2004)</i>
Family office (FO)	<i>FOs can generally be conceptualized as an organization to manage and oversee the wealth-affairs of highly affluent families (Rosplock & Welsh, 2012) In this thesis, we include all private family-owned investment firms, not only the formal organizational set up for family wealth preservation (Holmberg & Schwab, 2024)</i>
FIBER	<i>Capturing five SEW components that describe the affective endowments of the family owners. Family control and Influence (F), Identification with the firm (I), Binding Social Ties (B), Emotional Attachment (E), and Renewal through dynastic succession (R). These dimensions are a way of understanding the decision-making of family-owned firms (Berrone et al., 2012)</i>
Impact investing (II)	<i>“Impact investing refers to the use of investment capital to help solve social- or environmental problems around the world with the expectation of financial returns. Unlike ethical investing or socially responsible investing (SRI), which focuses on the negative screening of alcohol, tobacco, and firearms, and a range of businesses and activities which do not damage society, impact investing is positioned as taking a proactive approach actively identifying businesses with the intent to achieve a financial return and create a positive social or environmental impact” (Quinn & Munir, 2017)</i>
Impact translation process	<i>The process from when an FO that intends to create impact decides 1) how and what to invest in 2) how to do the investment, and then 3) how to act as owner. If it occurs, also 4) how to exit the company (Holmberg & Schwab, 2024)</i>
Non-financial impact priorities	<i>The non-financial goals or priorities that FOs want to achieve in terms of impact. This could be a quantified goal such as capturing a certain amount of CO₂, or a qualitative goal such as “making a difference” (Holmberg & Schwab, 2024)</i>
Non-financial outcomes/Impact outcomes	<i>The non-financial outcomes of the impact translation process. This could also be a quantified goal such as the amount of CO₂ captured, or qualitative such as the feeling that the FO has generated the foundation for impact. For an FO, this should ideally be aligned with the non-financial impact priorities (Holmberg & Schwab, 2024)</i>
Portfolio company	<i>A company that has external investors, thus they are in another company’s portfolio. If not otherwise stated, a portfolio company in this thesis refers to a company invested in by an FO (Holmberg & Schwab, 2024)</i>
Socio-emotional wealth (SEW)	<i>“Non-financial aspects of the firm that meet the family’s affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty”(Gómez-Mejía et al. 2007)</i>

Table of Contents

1.0 Introduction	6
1.1 Purpose and Research Questions	7
1.2 Expected Contributions	7
1.3 Delimitations	8
2.0 Literature Review	9
2.1 Contextualizing Sustainability in Family Enterprises	9
2.2 The Evolution and Principles of Impact Investing	10
2.3 Family Offices	10
2.4 Intersection of Impact Investing with Family Offices	11
2.5 Literature Reflection	11
3.0 Theoretical Framework	13
3.1 Theoretical Foundation	13
3.2 Socio-Emotional Wealth and Sustainability	13
3.2.1 <i>FIBER Framework</i>	14
3.3 Summary and Model	15
4.0 Methodology	17
4.1 Methodological Fit	17
4.2 Research Design Choices and Process	18
4.2.1 <i>Sample</i>	18
4.2.2 <i>Interviews</i>	19
4.2.3 <i>Data Analysis</i>	20
4.3 Quality of the Study	21
4.3.1 <i>Credibility</i>	21
4.3.2 <i>Transferability</i>	21
4.3.3 <i>Dependability</i>	21
4.3.4 <i>Conformability</i>	22
4.3.5 <i>Reflexivity</i>	22
5.0 Empirics	23
5.1 Impact Translation Strategies	23
5.1.1 <i>FO and Portfolio Company Value Alignment</i>	23
5.1.2 <i>Impact Securing Structures</i>	24
5.1.3 <i>The Active Role</i>	25
5.1.4 <i>Relationship-Driven Operations</i>	26
5.1.5 <i>Summarizing Remarks</i>	27
5.2 Challenges in Translation	28

5.2.1 <i>Technical Issues</i>	28
5.2.2 <i>Unclear Additionality from FOs</i>	29
5.2.3 <i>Inertia in Family Ownership</i>	30
5.2.4 <i>Summarizing Remarks</i>	31
5.3 Enablers of Impact.....	31
5.3.1 <i>Shortening the Distance Between Portfolio Companies and FOs</i>	31
5.3.2 <i>Leveraging Family Ownership for Impact Enablement</i>	32
6.0 Analysis	34
6.1 Family Control and Influence.....	34
6.2 Family Members' Identification with the Firm	35
6.3 Binding Social Ties	36
6.4 Emotional Attachment	36
6.5 Renewals of Family Bonds through Dynastic Succession	37
6.6 Summary and Discussion	37
7.0 Conclusion and Contributions	40
7.1 Conclusion.....	40
7.2 Limitations and Contributions	41
7.2.1 <i>Limitations</i>	41
7.2.2 <i>Practical Contributions</i>	41
7.2.3 <i>Theoretical Contributions</i>	42
7.2.4 <i>Future Research</i>	42
8.0 References	43
9.0 Appendices	48
9.1 Interview Guide(s).....	48
9.2 Data Analysis.....	51
9.3 AI Disclosure	53

1.0 Introduction

There is an ongoing call to action to transform the world; to end social injustice and save the planet, ensuring prosperity for current and future generations (*Sustainable Development Goals*, n.d.). To progress in this development, multiple key concepts must emerge. Among these are innovation, sustainable financing, and new ways of working, involving multiple stakeholders (*Sustainable Development Goals*, n.d.). Actions from companies in this direction so far have focused on negative ESG screening, as they perceive an increasing risk of losing their license to operate and becoming unattractive in the eyes of investors (Boffo & Patalano, 2020). However, negative screening alone is insufficient to create the transformational change needed to avoid catastrophe, and significant innovation is required, particularly on the climate front (Gates, 2021). In response to the lack of corporate responsibility, Impact Investing (II) has emerged as a potential solution over the last two decades (Agrawal & Hockerts, 2021).

II has gained substantial traction, and unlike responsible and sustainable investments, an impact-driven approach aims to actively deploy capital to solve societal and environmental problems, potentially conceding some financial return (Born & Brest, 2013). The II market has grown substantially, and its expected market value was projected to reach \$500 million by 2023, with funds coming from banks, foundations, government agencies, and high-net-worth individuals (Agrawal & Hockerts, 2021). However, the concession of financial returns has resulted in difficulties attracting funding in public markets, which dislike market imperfections and seek competitive returns (Born & Brest, 2013).

Fortunately, the private capital market tends to overlook market imperfections to a greater extent, which in turn has generated a more positive outlook for raising impact capital privately (Born & Brest, 2013). Private companies as stakeholders represent a significant influence on global markets today, and private ownership is crucial for driving sustainability development forward (*Why Private Companies Need to Catch up on Sustainability* | *World Economic Forum*, n.d.). An especially interesting type of private company in this context is the family-owned enterprise. These have historically emphasized long-term orientation, leading to goal-setting that aligns with actions for sustainable development (Sun et al., 2023). Understanding this alignment, the concept of Social-emotional-wealth (SEW) has crystallized as the prevalent theory for demonstrating how non-financial factors explain why family firms, among other priorities, engage in sustainable development efforts (Villalonga, 2018).

In practice, the sustainability trend has permeated family businesses in general, and Family Offices (FOs) in particular. FOs are investment vehicles designed to manage the wealth preservation of affluent families. This often includes investments in portfolio companies and is similar to family enterprises, influenced by SEW dynamics (Rosplock & Welsh, 2012; Wetter & Nordqvist, 2024). According to a recent industry survey, more than 80% of FOs engage in sustainable investing, driven by the next generation and an increase in public awareness of the issue (Needham & Harvey, 2020). Multiple reports also indicate that the sustainability focus has increasingly been directed towards II specifically (Family Offices: Global Landscape and Key Trends, 2020; Samuelson et al., 2021). An example from Insead shows that 25% of FOs are already engaged in II, with an average allocation of 14% in their overall portfolio to impact. They estimate that this allocation will rise to 25% of their average portfolio by 2025, and that 30% of FOs by then will be involved in II (Family Offices: Global Landscape and Key Trends, 2020). Despite these efforts in sustainability and impact specifically, research remains inconclusive regarding whether family-owned firms in practice achieve better ESG performance than the average firm (see e.g., Faller & zu Knyphausen-Aufseß, 2018; Rees & Rodionova, 2015).

To summarize, widespread action is necessary to address urgent societal challenges, and II is an increasingly popular strategy for this purpose. Family enterprises are key players in this field, and II particularly attracts FOs—the investment vehicles of wealthy families. Previous research helps us understand why sustainability is of interest to FOs, and the II trend in practice confirms this interest. However, the impact performance of FOs is still inconclusive. This calls for a deeper dive into the topic, specifically shifting the focus from why II interests FOs to how FOs can ensure their impact intentions translate into successful outcomes.

1.1 Purpose and Research Questions

Numerous researchers have examined the financial outcomes of Impact Investing (II) to determine whether it provides competitive financial performance (Barber et al., 2021; Berk & van Binsbergen, 2021; Bugg-Levine & Emerson, 2011). However, the non-financial outcomes, or impact outcomes, have received little attention. From a family research perspective, there is richer attention to the non-financial aspects, primarily focusing on why Family Offices (FOs) might choose the impact path (Villalonga, 2018). Nonetheless, there is a noticeable gap in understanding how FOs transition from impact intent to ensuring actual impact outcomes in their portfolio companies—the impact translation process. This study aims to bridge this gap by providing valuable insights into both the non-financial aspects of II and further developing the family research field.

Thus, the purpose of the study is to follow the call to action by Lorenzo et al. (2023), by investigating how FOs pursue impact-focused investments and their role in achieving these goals. Utilizing the conceptual framework of *Social-emotional-wealth (SEW)* and the five *FIBER dimensions*—*Family control and Influence, Identification with the firm, Binding Social Ties, Emotional Attachment, and Renewal through dynastic succession*—in a nascent context, we explore the translation process of non-financial impact priorities to outcomes in FOs. The study employs a qualitative abductive approach to answer the following research questions:

- i. *How do family offices with a focus on impact investments translate their non-financial impact priorities into impact outcomes within their portfolio companies?*
- ii. *Why do they succeed or fail in this translation process?*

The definitions of FOs can vary widely (Rosplock & Welsh, 2012). However, we adopt a broad definition, encompassing any private family- or individual-owned firm that invests in multiple businesses. Thus, we include all private family-owned investment firms, instead of limiting them to just the formal organizational setups for family wealth preservation (Rosplock & Welsh, 2012).

1.2 Expected Contributions

Our research primarily hopes to contribute to enriching the Social-emotional-wealth (SEW) literature by extending its application from understanding why family-owned firms behave in certain ways to how these behaviors translate into actions. Specifically, we aim to provide insights on how the FIBER dimensions influence the concrete actions of Family Offices (FOs) in attempting to achieve non-financial impact outcomes and whether these actions enable or hinder impact. For practitioners, we hope to offer guidance to FOs on how the unique aspects of family ownership guide their actions, which can act as both enablers and barriers to impact. Additionally, portfolio firms interested in impact may benefit from our findings by understanding the nature of impact-focused FOs and assessing their suitability as partners on

their impact journey. Overall, we anticipate that our contributions will foster collaboration between these entities and enhance impact realization.

1.3 Delimitations

To effectively achieve our purpose, we have delimited our research to a comparable business context where the impact intent is clear. Thus, the data sample is limited to FOs with a specific focus on Impact Investing (II), operating in Sweden and culturally similar European countries. Expanding the data beyond Sweden allows us to include a broader sample of II-oriented FOs and leverage European impact networks to identify relevant firms (see e.g., Toniic - the Global Action Community for Impact Investing - Toniic, n.d.). However, this approach also introduces the risk of cultural differences reducing comparability, which is why the sample is meticulously selected based on cultural similarity (*Index on Cultural Similarity*, n.d.).

2.0 Literature Review

To gain a comprehensive understanding of the research on the topic and the rationale for the research gap, it is essential to first examine literature exploring the broader themes of sustainability in family enterprises (2.1). Additionally, reviewing key research on Impact Investing (II) combined with Family Office (FO) research will inform the gap in how non-financial priorities are translated into impact outcomes (2.2-2.4).

2.1 Contextualizing Sustainability in Family Enterprises

Family enterprises are the most prevalent business organizations globally, and research in this field has expanded significantly over the past few decades (Nordqvist et al., 2015). Numerous studies have sought to differentiate family enterprises by focusing on the reciprocal impact of family on business, which distinguishes them from other ownership types (Sharma, 2004). Building on this distinction, performance in family enterprises is evaluated not only based on business objectives but also on family objectives, which are often non-financial and relate to maintaining family harmony and strong emotional capital. Research indicates that the more a family identifies with their firm, the more likely they are to adopt family-related and non-financial goals (Cabrera-Suárez et al., 2014).

These non-financial goals typically aim to secure the long-term prosperity of the family enterprise over traditional firm performance metrics like profit (Dyer, 2003). Additionally, altruism and relationships play significant roles, influencing decision-making and governance and fostering a stronger commitment to the firm (Dyer, 2003). In essence, there are unique affective needs within families that favor decisions beneficial for family control, identity, feelings, image, and reputation, often at the expense of the highest financial performance (Gómez-Mejía et al., 2007). These factors also promote sustainability actions and are considered key reasons family enterprises should focus on sustainability (Villalonga, 2018). Consequently, a pertinent question arises: do family enterprises in practice achieve higher sustainability performance than the average firm?

Research results on this issue are mixed. A review of 19 studies by Faller & zu Knyphausen-Aufseß (2018) found that family equity ownership was positively associated with CSR in 12 cases, negatively in 4, and showed no significant relationship in 3. Dyer & Whetten (2006) studied 261 firms on the S&P 500, including 59 family firms, and observed that family firms are more likely to engage in socially responsible practices, particularly when the company bears the family name, primarily due to concerns about image and reputation. Lamb et al. (2017) analyzed a sample of 71 public firms, discovering that CSR actions related to diversity are positively associated with family ownership, while employee-related and environmental CSR issues show a negative association. Lastly, Rees & Rodionova (2015) reviewed 3893 firms from 2002 to 2012, finding a negative association between family ownership and ESG performance, which are key indicators of CSR performance.

In summary, while substantial research supports valid reasons for family firms to focus on sustainability—such as long-term orientation, stakeholder relationships, and reputation—the actual sustainability performance remains unclear. Meanwhile, II is an emerging practice with the potential for high sustainability outcomes (ter Braak-Forstinger & Selian, 2020), capturing significant interest from FOs (Samuelson et al., 2021). To further explore this interest, the next section will delve into previous research on II.

2.2 The Evolution and Principles of Impact Investing

Impact Investing (II) gained prominence after the 2009 financial crisis as companies sought to redeem themselves by directing capital towards socially relevant projects. The concept has experienced significant growth since then (Agrawal & Hockerts, 2021). Initially, the definitions of II (2005-2012) were broad, aimed at distinguishing it from philanthropy and venture capital. Geobey et al. (2012) and Moore et al. (2012) noted that II firms use venture capital strategies to fund companies primarily focused on social value creation. As the field evolved, definitions became more nuanced, emphasizing either social or financial returns up until 2016 (Glänzel & Scheuerle, 2016). More recently, definitions have grown sophisticated, incorporating elements of stakeholder interests and profit, with a shift towards quantification and the proactive aspects of II (Agrawal & Hockerts, 2021). Quinn & Munir (2017) encapsulate these developments in their definition, which is adopted throughout this study:

“Impact investing refers to the use of investment capital to help solve social- or environmental problems around the world with the expectation of financial returns. Unlike ethical investing or socially responsible investing (SRI), which focuses on the negative screening of alcohol, tobacco, and firearms, and a range of businesses and activities which do not damage society, impact investing is positioned as taking a proactive approach actively identifying businesses with the intent to achieve a financial return and create a positive social or environmental impact.”

To better understand II in practice, Johnson & Lee (2013) offer several real-world examples:

- Investments in a Mexican microfinance institution primarily serving women, offering below-market rate loans to prevent homelessness.
- Investments in emerging markets in sectors such as water, healthcare, education, and sustainable agriculture.
- A forest fund purchasing timberland for conservation purposes.

II is also only categorized as having generated impact if the investment itself would not occur unless the impact capital was provided. That is, an investment is impactful if it enhances the quality or quantity of social outcomes beyond what would otherwise be achieved (Born & Brest, 2013). Therefore, only investments that sacrifice some financial return or incur greater risk than typical investments qualify as II, as they would not be funded under perfect market conditions. This approach prioritizes impact over financial returns, but some financial return is crucial to differentiate II from charitable activities (Roundy et al., 2017).

Given this, focusing on private investment companies within II is more pertinent than the public markets, where competitive returns are typically required (Born & Brest, 2013). Further, Family Offices (FOs) are particularly relevant in the context of private companies and II due to their emphasis on non-financial factors that align with sustainable development (Sun et al., 2023). To deepen our understanding of the research on the intersection between FOs and II, an expanded discussion on FOs firstly follows.

2.3 Family Offices

A Family Office (FO) is a prevalent arrangement for families investing in other businesses. Despite its history dating back two centuries, the area remains under-researched and lacks a universally accepted definition (Rosplock & Welsh, 2012). Generally, FOs are conceptualized as organizations managing and overseeing the wealth affairs of highly affluent families (Rosplock & Welsh, 2012). Additionally, Rosplock & Welsh (2012) highlight the strategic importance of FOs for long-term planning, distinguishing them from other investment entities.

Recent studies suggest that theories applicable to the broader family enterprise field are also relevant in the FO context, aiding in understanding the behavior and motivations of FOs (Wetter & Nordqvist, 2024). Rivo-López et al. (2017) explore the primary goals of FOs, noting that they focus on preserving family wealth and legacy, alongside intangible objectives like philanthropy and family harmony. The balance between tangible and intangible goals often depends on the history and values of the firm, with both aspects typically present to some degree (Rivo-López et al., 2017).

Various theoretical frameworks have been employed to analyze FOs' approaches to non-financial aspects, particularly sustainability. Wessel et al. (2014) use Agency theory to study the goals of FOs in different configurations, finding that family-dominant FOs, where families are heavily involved in management, tend to prioritize non-financial aspects more than non-family-dominant FOs. Schickinger et al. (2023) examine heterogeneity among 109 German-speaking Single Family Offices (SFOs), focusing on their approach to non-financial goals like social impact and employee satisfaction. They identify two types of SFOs that emphasize non-financial factors: those connected to the original family business and those controlled by later generations. Firms that are characterized by both these factors, so called "preservers", exhibit less entrepreneurial behavior compared to other SFOs (Schickinger et al., 2023).

With a deeper understanding of FOs and their priorities, the potential alignment of the FO and II concepts is further explored. Despite limited research, some attention has been given to the intersection of these topics.

2.4 Intersection of Impact Investing with Family Offices

Recent research by (Roche et al., 2023) applies identity theory to describe Impact Investing (II) among business-owning families¹. They characterize the management of dual identities, where the underlying family identity intersects with the new identity of an impact investor. They identify three roles: perpetrators, path breakers, and questors. Perpetrators maintain a strong family identity and align current practices with II principles, typically adhering to traditional investment principles. In contrast, path breakers and questors challenge traditional family principles and are more inclined to make significant changes. These latter groups are open to broader collaborations and experimenting with hybrid investment models that balance financial and social impacts (Roche et al., 2023). Another research perspective from ter Braak-Forstinger & Selian (2020) highlights a gap between FOs' interest in II and their actual implementation. They suggest several reasons for this discrepancy: firstly, the heterogeneous attitudes towards II within families; secondly, the absence of a clear II definition; thirdly, the necessity for a dedicated "champion" to drive II initiatives; and lastly, a lack of trusted spaces for sharing innovative ideas (ter Braak-Forstinger & Selian, 2020).

2.5 Literature Reflection

The comprehensive review of literature across the foundational aspects and significance of family enterprises, sustainability practices within these organizations, the evolution of Impact Investing (II), and the dynamics within Family Offices (FOs) unveils a complex and multi-dimensional research field. From this extensive review, several key takeaways have emerged. First, there is a strong indication that family enterprises are inherently drawn to sustainability; however, the results related to sustainability outcomes are inconclusive, suggesting a need for further exploration to understand this discrepancy better. Second, the research on II highlights the necessity for investors who are willing to prioritize non-financial goals over financial

¹ Business-owning families can be characterised as Family Offices according to the broader definition adapted in this thesis.

returns, underlining a shift essential for the growth and impact of this investment approach. Third, studies on FOs confirm that while there is significant interest in II within these entities, there is considerable heterogeneity in how they prioritize between financial and non-financial objectives. Lastly, the intersection of FOs and II reveals that FOs with similar intentions to effectuate impact might face varying prerequisites for realizing these intentions, depending on their degree of identification with the firm. Various suggestions have been proposed to explain the existing gap between the inclination towards impact and the actual execution of these initiatives. However, there remains a notable deficiency in research exploring how the translation process from intent to actual impact unfolds within FOs.

This identified gap points to a significant need for further research to understand the mechanisms through which FOs with a focus on II translate their non-financial priorities into concrete impact outcomes, as well as to identify the factors that influence their success or failure. Such exploration is critical, given the sparse research on the impact translation process within FOs and how different types of ownership influence their navigation of the complex terrain of II. Addressing this gap will not only enrich academic research in the area but also provide practical guidance to FOs and other stakeholders in the field, offering insights into both successful and less successful strategies for translating impact intentions into outcomes.

3.0 Theoretical Framework

In this section, we first present a theoretical foundation (3.1) that explains the choice of specific theoretical frameworks. These frameworks are then connected to the research topic (3.2), followed by a detailed discussion of the core theoretical concept, FIBER (3.2.1). Finally, the section concludes with a summary and the development of a theoretical framework, which will contribute expected findings moving forward (3.3).

3.1 Theoretical Foundation

To address the identified research gap effectively, it is essential to employ a theoretical framework that can account for the contingent factors within family enterprises, particularly in understanding how family ownership influences non-financial priorities. A pivotal framework in this regard is the Socio-Emotional Wealth (SEW) theory, which has been instrumental in understanding why families may forego lucrative opportunities in favor of activities like philanthropy or community projects (Wetter & Nordqvist, 2024).

SEW was developed to address theoretical shortcomings related to family ownership that were not adequately explained by popular models such as Agency theory (Gómez-Mejía et al., 2007). Rooted in behavioral theory, SEW posits that family enterprises are often prepared to sacrifice financial performance to preserve their SEW. SEW is defined as the “*non-financial aspects of the firm that meet the family’s affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty*” (Gómez-Mejía et al., 2007).

Consequently, the ambition is that through applying SEW, a well-recognized model for understanding family ownership contingency will shed light on the important factors related to family ownership surrounding the research questions. Additionally, to capture the multidimensionality of SEW, the FIBER model is utilized, which allows for a more granular investigation of all SEW components (Berrone et al., 2012). FIBER has been effectively used in previous studies to understand motivations for impact-oriented behavior among family firms. Extending this approach, this study aims to apply the insights gained from FIBER to examine how impact-oriented Family Offices (FOs) translate their impact intentions into tangible outcomes.

The influence of the FIBER dimensions on the strategies for non-financial impact translation among FOs, and consequently on their success or failure, will be thoroughly investigated. By doing so, the proposed theoretical framework seeks to address the research gap with a robust theoretical foundation. To construct this framework, SEW is initially positioned in relation to sustainability, and subsequently developed through FIBER into a model designed to answer the research questions (figure 3.1).

3.2 Socio-Emotional Wealth and Sustainability

Socio-Emotional Wealth (SEW) has been instrumental in deciphering the complexities of sustainability in family-owned firms, offering insights into the varying motivations for sustainable actions within these enterprises (Villalonga, 2018). SEW provide reasons to why family firms might choose to act sustainably in some instances and not in others. Altruistic behavior, for example, can enhance SEW by strengthening the legacy and reputation of the founders. Conversely, SEW may also drive selfish actions where the family prioritizes private benefits over public advantages (Villalonga, 2018). Cruz et al. (2014) describe SEW as a double-edged sword, noting that while it motivates families to project a sustainable image

externally to protect their reputation, internally, it may encourage actions aimed at maintaining control and the emotional ties within the family.

Additionally, SEW's influence is moderated by external factors. Sun et al. (2023) explore how family involvement impacts the adoption of ESG criteria and scores in Chinese firms. Their findings indicate that both family ownership and control positively affect ESG scores. However, market competition has been observed to negatively moderate the relationship between family involvement and ESG adoption, suggesting that competitive pressures might lead families to deprioritize sustainability practices. The institutional environment also plays a crucial role in this dynamic, particularly affecting how family control influences ESG adoption (Sun et al., 2023).

Overall, SEW theory suggests that family firms may accept a higher performance risk, termed a performance hazard, to protect their SEW, provided it does not threaten the firm's survival. Conversely, they may be reluctant to take risks to rectify an unfavorable situation if it could lead to significant performance variability that endangers the firm, known as venture risk (Gómez-Mejía et al., 2007). With this foundational understanding of SEW, the discussion will next incorporate the FIBER framework to further detail the specific dimensions of this concept.

3.2.1 FIBER Framework

The FIBER model, conceptualized by Berrone et al. (2012), delves into the affective endowments of family owners, illustrating the complex socio-emotional dimensions that influence their decision-making processes. This model consists of five distinct components:

(F) Family Control & Influence. This dimension emphasizes the family's effort to retain control and influence over the business, either through direct roles such as CEO or chairman or by influencing these appointments. This control is crucial for ensuring that the business's direction aligns with family values.

(I) Identification with the Firm. This component focuses on how family members align their identity with that of the firm, which is often manifested when the business bears the family name. This identification impacts family relations with employees, but also external perceptions, firm reputation, and the firm's devotion to acting sustainably. Externally, family members become sensitive to the image they project to external stakeholders, and external condemnation is seen as emotionally devastating.

(B) Binding Social Ties. This aspect highlights the significant social networks and bonds that family businesses cultivate, extending beyond mere economic interactions to foster deep social bonds and trust with various stakeholders. These kin-like relationships enhance the firm's internal stability and commitment, shaping interactions within and outside the firm.

(E) Emotional Attachment. This dimension explores the range of emotions family members experience through their involvement in the business, from pride and love to anger and disappointment. These emotions deeply influence business decisions, shaping the family's legacy and affecting the emotional climate of the firm. The intertwining of family and corporate spheres means that emotions significantly permeate the organizational structure, linking personal identities with the firm.

(R) Renewal of Family Bonds through Dynastic Succession. This component reflects the family's desire to perpetuate its legacy by transitioning the firm to future generations. This intent not only involves long-term strategic planning but also encompasses the transfer of core

values and heritage, which sometimes leads to conflicts, particularly concerning succession planning.

Swab et al. (2020) further analyze how the FIBER components are operationalized within family firms, noting their interrelated nature. They challenge the notion that all components carry equal weight across all family firms, introducing four conditional inferences to describe when non-economic SEW goals are likely to be pursued. They argue that control (F) and renewal (R) are necessary but not sufficient conditions on their own. For these goals to be fully realized, additional elements such as identification (I), social ties (B), or emotional attachment (E) must also be present. I, B, and E thus represent the willingness to pursue the SEW-related objectives. This framework suggests that the heterogeneity observed among family firms can largely be attributed to variations in these three dimensions, creating unique SEW profiles across different firms.

3.3 Summary and Model

Building on the theoretical framework, this section extrapolates expected findings for future data collection, visualized in figure 3.1. The model delineates the flow of how impact-focused Family Offices (FOs) translate their impact ambitions into actual outcomes within their portfolio companies, identifying potential barriers or enablers.

Family firms exhibit considerable heterogeneity, and variations are anticipated as they navigate the balance between control, external reputation, and varying levels of market pressure that influence firm survival (Cruz et al., 2014; Sun et al., 2023). These dynamics suggest that the ability to generate impact is likely mediated by the firm's current survival risks (Gómez-Mejía et al., 2007) (model 3.1). When impact ambitions are driven primarily by reputational motives, the sincerity of these efforts may be questioned, which would result in a decreased impact outcome (model 3.2). Conversely, when impact initiatives are grounded in generational thinking leading to patient capital, alongside a strong personal identification with the FO's actions, these elements can serve as significant enablers for realizing impact (Villalonga, 2018) (model 3.3).

Further analysis of the FIBER components suggests that FOs typically seek to exert influence over their investments by securing formal or informal control positions (model 3.4). It is also expected that they will base their investment decisions on factors they closely identify with, steering the firms in directions that are aligned with the family identity (model 3.5). Social ties are also expected to play a critical role, not only in enhancing the family's reputation but also in shaping business operations to be more relational than transactional (Berrone et al., 2012) (models 3.6 and 3.7). Additionally, the emotional attachment of the family to the firm is anticipated to significantly influence decision-making processes, impacting the overall impact strategy (model 3.8).

The generational aspect of family firms is expected to further influence the impact translation process. In FOs where younger generations take a leading role, non-financial priorities are often emphasized (Schickinger et al., 2023). This generational shift necessitates a balance between maintaining the firm's traditional identity and integrating the impact aspirations of younger family members. This dynamic could result in less authentic impact efforts if older generations, holding decision-making power, pursue impact initiatives primarily to satisfy younger family members' desires (models 3.9 and 3.10).

Additionally, research on the FIBER framework has highlighted that not all components are equally significant across all family firms. Control and renewal (F & R) are considered necessary conditions for fostering non-financial goals, but they alone do not guarantee such

outcomes. For these conditions to be effective, elements of identification (I), social ties (B), or emotional attachment (E) need to be actively engaged (Swab et al., 2020) (model 3.11).

In summary, the theoretical underpinnings and prior research offer a structured perspective on how impact-oriented FOs are expected to operationalize their impact ambitions into tangible outcomes. This model will guide the examination of collected data, looking to establish specific links between the FIBER components and their role as enablers or barriers in the impact translation process. This detailed analysis remains pending, as current research does not yet allow for these connections to be definitively drawn. Additionally, while external influences unrelated to family ownership are recognized, they will not be the primary focus of further analysis, though their impact will be acknowledged if relevant (model 3.12). This comprehensive approach ensures that the nuances of family dynamics and their influence on impact investment strategies are thoroughly explored and understood.

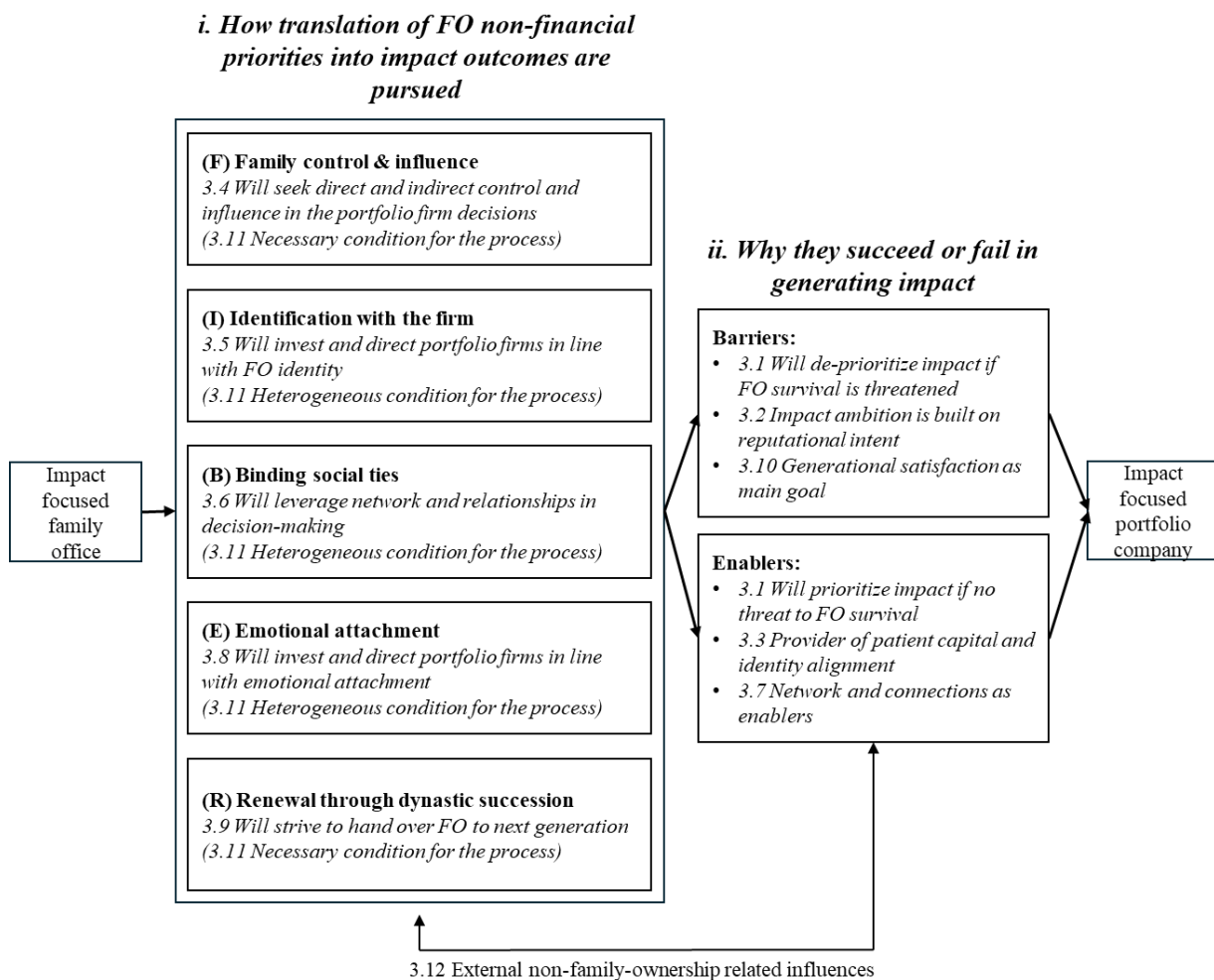


Figure 3.1 Theoretical Framework (Holmberg & Schwab, 2024)

4.0 Methodology

In this section, we will introduce the methodological fit (4.1), describe the design choices and research process of the study (4.2), and elaborate on the choice of the sample (4.2.1), the conducted interviews (4.2.2), and the data analysis (4.2.3). Finally, we will discuss various aspects that ensure the quality of the study (4.3).

4.1 Methodological Fit

The thesis aims to answer the following research questions:

- i. *How do family offices with a focus on impact investments translate their non-financial impact priorities into impact outcomes within their portfolio companies?*
- ii. *Why do they succeed or fail in this translation process?*

To fulfill the aims of the research questions, in-depth and descriptive personal accounts from actors within the research area are necessary. Moreover, the research questions explore a new area rather than attempting to prove or disprove a hypothesis. Consequently, an open-ended and exploratory research design is most suitable for this investigation (Edmondson & Mcmanus, 2007). At the core of our research questions are the two main concepts of FOs and II. Rosplock & Welsh (2012) identified the concept of FOs as under-researched, and Wetter & Nordqvist (2024) observed that FOs in the Nordics emerged around 2020, indicating that the concept is relatively nascent. Also, as outlined in the literature review, there is a lack of consensus on a common definition for II, suggesting that the concept is still evolving. Combined, these factors make a qualitative research approach most appropriate for the research questions at hand and was thus applied (Edmondson & Mcmanus, 2007).

Moreover, the study is based on the theoretical frameworks of SEW and FIBER, primarily used to examine the non-financial priorities of family-owned firms and how they influence company decision-making (Berrone et al., 2012). These include complex and profoundly subjective aspects like emotional attachment and identification with the family business. A rich description of personal accounts is essential for understanding these complex drivers, and using in-depth interviews in a qualitative research design is most appropriate for exploring this complex topic (Bell et al., 2022).

The relevance of SEW and FIBER in the researched field helped us frame the context and identify non-financial family priorities as the research focus. These theories served as the basis for gathering and analyzing empirical material. However, the areas investigated, especially when linked, were too complex and nascent for SEW to generate clear deductive links in the translation process to impact. Consequently, it was necessary for theory, empirics, and analysis to develop simultaneously. This iterative process involved going back and forth between pre-existing theory, empirical data, and emerging themes derived from the process. Therefore, the study follows an abductive approach, viewing understanding as a continuous dialogue between empirical material and the researchers' preunderstandings (Alvesson & Kärreman, 2007; Timmermans & Tavory, 2012).

We also chose to focus data collection on industry actors most closely involved in the researched processes, hoping their insights and expertise would provide the most thorough descriptions of the topic. The structuring of the interviews aimed to uncover recurring themes and explore connections between them, while the FIBER framework guided the analysis to

address the described research gap. By doing so, the study aims to elaborate on existing, rather than build new, theory (Timmermans & Tavory, 2012).

4.2 Research Design Choices and Process

The scope of the study focused exclusively on the non-financial priorities of FOs with an emphasis on II. Our analysis, conducted at the meso level, centered on the characteristics and strategies of the involved organizations (Bell et al., 2022). This approach led to the specific sample and interview guide outlined below, which later provided the data for analysis. This method specifically facilitated exploration of how family-specific factors influence the surrounding organizations, emphasizing FOs and their portfolio companies.

4.2.1 Sample

The selection criteria for the interviews were guided by the research questions, resulting in a sample limited to FOs engaged in II and their associated portfolio companies. To further narrow the study's scope and to obtain actionable insights from the interviews, the FOs operate in culturally similar countries, using Sweden as the benchmark (*Index on Cultural Similarity*, n.d.). This approach ensured that interviewees had a consistent understanding of II and the conceptualization of FOs.

To accommodate this focused approach, we included only active family members and operational managers from the FOs and targeted founders and C-suite executives from the portfolio companies. The rationale was that interviewing these key decision-makers would provide the most informed insights into the processes related to our research questions. Adopting the perspectives of both the investing FOs and their portfolio companies highlighted the process and how it is perceived from dual perspectives. We successfully gathered these perspectives in all cases except one, where we could only interview a managing family member at the FO. We attempted to contact all FOs in Sweden and culturally similar countries involved in II identified through desktop research and various networking opportunities. After securing an interview with an FO, we requested contact information for their portfolio companies, employing what Bell et al. (2022) describe as snowball sampling, a purposive sampling method. This strategy ensured that each case's secondary perspective² was as relevant as possible to the research questions.

Given our sample choice, we encountered the challenge of gathering insights from a particularly inaccessible yet invaluable group. This group included senior executives of FOs and founders and CEOs of their portfolio companies, who were notably difficult to convince to participate in lengthy interviews due to their significant job responsibilities and limited time availability. Securing their participation required extensive desktop research and several months of engaging in networking events and leveraging our networks for introductions. The process involved numerous rejections and rescheduling due to the participants' time constraints. Nonetheless, the extensive experience of the participants in the researched field meant that the interview sample was highly relevant to the study, providing a significant amount of valuable data. Additionally, the focused nature of the sample group meant that fewer interviews were necessary to reach theoretical saturation, confirmed by the generation of minimal new codes after the 15th interview (Corbin & Strauss, 2008). These factors confirmed that the sample selection was appropriate for the research project's scope and goals (Treviño et al., 2014).

² By secondary perspective, we mean both operational managers in the FOs and their respective portfolio companies.

In practice, our sample consisted of 20 participants representing 9 different FOs operating in Sweden, Norway, The Netherlands, and Germany. At the FOs, we interviewed 7 active family members and 6 non-family member managers. Additionally, the sample included 8 portfolio companies, where we consistently interviewed one founder and/or executive.

Alias	Related to FO	Role
Jasper	A	FO A CEO
Helena	A	FO A portfolio company CEO
Gretchen	B	FO B owner and chairman of the board
Simon	B	FO B CEO
Philip	B	FO B portfolio company CEO
Jasmine	C	FO C owner, chairman of the board, and CEO
Hank	C	FO C portfolio company CEO
Gabriel	D	FO D part owner and investment manager
Bridget	D	FO D CFO
Larry	D	FO D portfolio company founder and head of strategy
Anna	E	FO E part owner and sustainability officer
Nathan	F	FO F part owner and CEO of one investment segment
Sophia	F	FO F portfolio company CEO and part owner
Jordan	G	FO G owner and founder of impact branch
Stephanie	G	FO G CEO of impact branch
Jonathan	H	FO H impact branch owner and CEO
Adam	H	FO H portfolio company CEO and part owner
Didrik	H	FO H portfolio company CEO and part owner
Frank	I	FO I impact branch CEO
Jennifer	I	FO I portfolio company CEO and part owner

Table 4.1 *List of participants and their respective roles*

4.2.2 Interviews

The interview guide was constructed on a common foundation, with slight variations in questions tailored to the roles of the interviewees (see Appendix 9.1). Research on the company and interviewee conducted before each interview helped tailor the questions to ensure they were highly relevant to the research questions and the specifics of the firm. The information used to adapt the interview guide came from prior email contacts, LinkedIn profiles, and company websites. Throughout the data collection process, our interview guide initially featured open-ended questions with minimal focus on specific themes within the research area. However, as we analyzed the already collected empirical material, the guide became increasingly focused and concise, in alignment with the abductive approach of this study. Additionally, informing the interviewees about the interview process, including GDPR guidelines and the anonymization of their responses, helped establish trust and a safe environment, fostering more open information sharing (Bell et al., 2022).

Interviews were conducted either via video call or in person at the interviewees' offices. We used software that automatically transcribes audio recordings to transcribe all interviews. Within 48 hours of the interviews, we reviewed the recordings and corrected errors in the automatically generated transcripts. Revisiting the transcripts helped us overcome the natural limitations of memory and enabled a deeper examination of the content (Heritage, 1984). We coded the interviews to identify recurring themes and pinpoint gaps in the stories and concepts presented by the interviewees, assessing whether any follow-up questions were necessary.

The complexity of the research questions necessitated a deep understanding of a specific context (Edmondson & Mcmanus, 2007). Therefore, we opted for semi-structured interviews, which facilitated a comprehensive exploration of participants' perspectives, motivations, and emotions (Bell et al., 2022). This interview format also provided a consistent framework for data collection, allowing us to effectively compare the various interviews conducted (Bell et al., 2022).

4.2.3 Data Analysis

To organize and process the large amount of data gathered through semi-structured interviews, we utilized NVivo 14 software. This tool was instrumental in storing, organizing, and coding the data, which facilitated the identification of trends, themes, and relationships, thus supporting a more rigorous and in-depth analysis.

Following Timmermans & Tavory's (2012) approach to creating novel theoretical insights through abductive analysis, we were able to develop the final theoretical framework by comparing empirical data with existing theories in the researched field. Initially, we extensively reviewed the existing academic literature in the FO and II fields, as outlined in the literature review. This comprehensive understanding helped us identify a novel research gap that existing theories did not address. As defined in the theoretical foundation, SEW emerged as the most relevant theory for addressing the research questions of the study. Therefore, we allowed SEW to guide our data analysis process, while remaining open to new insights from the empirical data (Alvesson & Kärreman, 2007).

Inspired by Thompson's (2022) thematic abductive analysis framework, we initiated the analysis with an open coding round. During this phase, we actively examined the transcripts for frequently occurring phrases and ideas, grouping them into codes. After discarding codes unrelated to the topic, we identified 36 first-order codes that neatly captured specific phrases or sentences from the interviews. To further understand the empirical data and articulate the underlying story, we consolidated these first-order codes into themes (Braun & Clarke, 2006). This process involved identifying relationships between the codes and revisiting the existing research. We then used the FIBER dimensions as a framework to guide the development of second-order themes by loosely integrating the codes with the established theory. Embracing the abductive approach, we avoided forcing our data into the existing framework, instead using our theoretical knowledge to guide our analysis (Atkinson et al., 2002). This approach enabled us to effectively theorize by discerning which aspects of the themes were explainable through the existing FIBER dimensions (Timmermans & Tavory, 2012). Concurrently, we followed Alvesson & Kärreman's (2007) advice to focus on data aspects unexplained by existing theory, thus identifying potential areas for theoretical contribution.

In the final phase, we organized the second-order themes into three aggregate themes: impact translation strategies, challenges in translation, and enablers of impact. Each theme specifically addressed one component of our research questions, enhancing our ability to structure and interpret the empirical findings. See a partial extract of the data analysis step in figure 4.1 and a complete overview of the data analysis in Appendix 9.2, along with a specification of which codes appeared in which interviews.

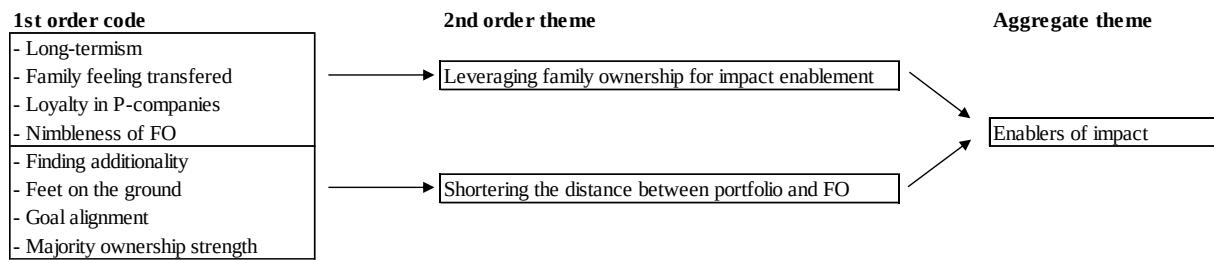


Figure 4.1 *Partial extraction of the data analysis*

4.3 Quality of the Study

The qualitative design primarily aligns with the interpretivist worldview assumptions. This perspective proposes that the importance of the phenomenon being studied emerges through the interactions among actors and their social environments (Bell et al., 2022). This stance differs fundamentally from the natural science approach by rejecting the existence of a singular objective truth. Consequently, we adhere to Lincoln & Guba's (1985) recommendation to employ trustworthiness criteria to evaluate the quality of this study.

4.3.1 Credibility

Several measures have been implemented to enhance the study's credibility. During interviews, we echoed interviewees' explanations by summarizing their responses to confirm understanding. Additionally, at each interview's conclusion, we verified if interviewees felt understood and if any essential questions were overlooked that would better represent their viewpoints. This process aimed to secure adequate respondent validation while maintaining narrative control and avoiding censorship by the interviewees (Bell et al., 2022). This was crucial as the participants were primarily top management members, increasing the likelihood of them seeking to influence the research findings (Bell et al., 2022).

Another credibility-enhancing strategy involved interviewing at least two different individuals from each FO, typically an operating family member and a CEO or founder from the portfolio company. This approach ensured we captured two relevant viewpoints from both ends of the researched process—the translation of family impact priorities from an FO to impact outcomes in their portfolio company.

4.3.2 Transferability

Qualitative studies typically focus intensively on a small group of individuals. This characteristic prompts questions about whether and how the findings might be applicable in other contexts or among different groups outside the sampled participants (Lincoln & Guba, 1985). Our sample comprised only managers from FOs focused on II and their portfolio companies, representing a niche and limited demographic. We collected extensive descriptive material to address transferability concerns, providing a detailed understanding of the context. The rich descriptions from both FOs and portfolio firms enhance future researchers' ability to assess the findings' applicability to other settings (Lincoln & Guba, 1985).

4.3.3 Dependability

GDPR restrictions have limited our ability to share research materials fully, potentially impacting the thesis's dependability by hindering extensive peer review, which requires unrestricted access (Bell et al., 2022). Nevertheless, continuous idea exchanges and feedback

from our supervisor have provided expert insights, thereby enhancing the dependability and, by extension, the trustworthiness of our findings (Stahl & King, 2020). This interaction also promoted rigorous self-examination, further motivating us to distinguish more clearly between interpretations and factual assertions. Consequently, individual biases were actively monitored, reducing unwanted subjectivity (Stahl & King, 2020).

4.3.4 Conformability

To minimize potential biases and achieve the highest objectivity level possible, thereby enhancing the study's reliability, we initially conducted open coding separately. We attended all interviews together, except two, where a language barrier was an impediment. Continuous discussions and regular checks among us to ensure neutrality and avoid personal biases were crucial strategies. We diligently adhered to this approach to prevent any actions that might compromise the study's objectivity (Bell et al., 2022).

4.3.5 Reflexivity

As Timmermans & Tavory (2012) highlight, the abductive analysis of qualitative data is profoundly influenced by active theorizing by researchers, a process that is inherently creative. To enhance process transparency, recognizing the researchers' role is crucial. Our homogeneous educational backgrounds could potentially skew our focus, thereby influencing the study's findings. To counteract this, we remained faithful to our research design, ensuring our conclusions were solidly grounded in empirical data, thus analyzed with increased objectivity.

5.0 Empirics

The empirical findings are structured according to the aggregate findings, which incorporate all dimensions of the research questions. Firstly, the impact translation strategies used by the FOs are presented (5.1), followed by going through the challenges that are encountered (5.2). Lastly, potential enablers for successful impact translation (5.3) are presented. Every aggregate theme is then broken down into their respective secondary themes which are the result of merged first-order codes, inspired by theory.

5.1 Impact Translation Strategies

Impact-focused FOs deploy several strategies to ensure that non-financial priorities are emphasized in the portfolio firms. Four themes can be identified, and these are apparent both before and after the investment is made. These are: finding the right people who are value-aligned with the FO (5.1.1), deploying informal and formal structures to track impact outcomes (5.1.2), being an active investor (5.1.3), and forging strong relationships with FO external management and portfolio companies to build mutual trust (5.1.4).

5.1.1 FO and Portfolio Company Value Alignment

An important factor for the FOs is to find investment opportunities that align with their family identity. To reach this aim, they focus heavily on the portfolio firm entrepreneurs, who become a highly important symbol as an extension of the family identity. The entrepreneurs are seen as the change agents of society, and through them, the FOs themselves have grown successful and been able to overcome difficult societal and bureaucratic challenges. Consequently, change through the entrepreneur is also seen as a flexible approach that enables experimentation in different catalytic change processes far away from for example rigid public funding structures.

Inherent in many FOs is also a strong awareness of the entrepreneurs' situation, translating into a clear idea of how the FO can effectively support the portfolio companies. This support includes patience and giving the entrepreneur the time necessary to develop. Some FOs make it explicitly clear that they don't want to be identified as asset managers who just want to manage wealth, but that they act as entrepreneurs themselves.

"The entrepreneurs are the change makers of society. So, we should support the entrepreneurs, the early stage because that's where the capital is needed. We can provide patient capital; we can be on the entrepreneurs' side of the table. So, let's invest in entrepreneurs."

- Gabriel, FO D part owner and investment manager

"We are entrepreneurs ourselves and involve ourselves in the business, so we look for investments where the founders are fine with our support."

- Nathan, FO F part owner and CEO of one investment segment

Choosing the right company and finding the right people to invest in is also seen as vital for value alignment. It's about screening and finding the right person, or a small group of people, to believe in and get below the façade. One FO made attempts to instead invest in a company profile they appreciated, but quickly realized this was insufficient to secure the value alignment needed to set the company on a desired path.

"When we invested in some early-stage companies, we found that the cultures were not completely value aligned. And so, then instead of investing in companies, we started investing in people and suggested that they could start a company and then we can do something together. And that means that we have an influence on the choices being made there."

- Stephanie, FO G CEO of impact branch

5.1.2 Impact Securing Structures

Both before and after the investment decision, FOs utilize both formal and informal decision-making structures to improve impact performance in the portfolio firms. Generally, there are two distinct types of FOs, which impact the choice of structures. One cluster utilizes a majority ownership stake to take a key operative position in the portfolio firm. Some firms take this far, such as FO F, where they usually take leading roles in the portfolio firms, such as the CFO role in the interviewed portfolio company. This enables them to ensure control of what occurs in the portfolio firms. Particularly within this cluster, the identification of interesting firms to invest in is done through the extensive network of the owners.

"Other impact investors usually only have a few percentages of portfolio companies. We will in many of the cases have a majority which is between 50 and 80%, so we are defining the work. Advantages and disadvantages, but one advantage is to have more freedom to operate and short decision ways and including local people in making the decisions."

- Jasmine, FO C owner, chairman of the board, and CEO [Majority owner]

The other cluster, where most FOs lay, acts more in line with a traditional venture capital investor, in the sense that a minority stake is taken in a larger number of companies. These firms realize that they will not have the same ability to directly control the work, which has several implications. Firstly, the due diligence process becomes more important, and ensuring before the investment that the firm is on its way towards impact is key, as there are limited opportunities to exit the companies in a relatively immature II market.

Secondly, following this, many different formal impact models are utilized and even created by the minority stake FOs trying to guide the investment decisions towards being family-aligned. These models seem to aid the rationalization of what the FOs are trying to achieve, and one of the FOs even named the model after the family. The models partly help to identify industries under large transformation where impact opportunities are inevitably occurring. There are also more complex models that fulfill more challenging tasks. These often extend into the periods after the investments are made and link impact-specific measures to additional payments or rewards among the portfolio firms.

"We have something called the 'Family name' ESG management maturity model. So, there's basically a set of questions or things we kind of want the company to develop or have in place already, which basically puts them on this kind of ladder, that we then see, OK, you know this we want you to develop [in terms of proactive sustainable practices]."

- Anna, FO E part owner and sustainability officer

"We are giving them [portfolio companies] some issues to work with and if they fulfill the social goals, then we will switch the money into equity, right? So, it goes from a kind of loan

into equity - if they succeed in the social mission. What we try to do now is being that really social investor, so we need to link the social effects in the companies with the money."

- Frank, FO I CEO of impact branch

Another strategy for translating their impact intent is a clear market segmentation that occurs within all FOs. Apart from one FO, all the remaining choose investment areas similarly. They choose to invest in markets that largely align with the interests and/or expertise of the family members and top management, in combination with a clear opportunity for impact. The remaining FO's segmentation, FO C, is purely driven by where impact is the largest, and this investor is also identifying herself closest with philanthropy. The segment choice also often connects back to the legacy of the original family firm that generated the initial wealth, which creates a logical progression toward certain areas, even when extending the business toward impact.

"I started to analyze what areas are the most important for the earth to stay inhabitable. I think that were the reasons why we ended up with these [investment areas] and of course that we understand a little bit of these systems. So, Jordan [FO G owner] is very good when it comes to science and I'm very good when it comes to food & agriculture and communication. So, therefore, we decided to land on these four big areas."

- Stephanie, FO G CEO of impact branch

"The companies that we invest in are within mental health education and integration. [...] The upside of also sort of having the original success firm legacy is obviously that we are a subsidiarity to a bigger investment company. [...] So basically, you know [we] continue building on the network and the knowledge and the experience from the original success firm."

- Jasper, FO A CEO

Lastly, a common impact-securing structure among the FOs is that they all try to demand a seat on the portfolio company boards. Irrespective of whether it is a visitor's role, an assigned seat by the company, or a seat occupied by the FO itself, the board is an important stage for voicing their opinions. This goes across both the firms that intend to take a majority stake and the ones with a minority position.

5.1.3 The Active Role

After the investment, a common aim for the FOs is to be perceived as an active owner among the portfolio companies as well as to offer support in various tasks. These tasks tend to be revolving around non-financial issues, where they often ask themselves how they can support the portfolio companies in a way that pushes them into thinking about a future aligned with the FO vision.

"We are very often an active owner. So, my people will meet with their entrepreneur once a week or every second week. They are working really closely on building the company and what to do. So, if we start noticing that we have different interests, then we have to stop being an owner. So, we need to have a common vision with the entrepreneur on where to go, if we are to be an investor."

- Frank, FO I CEO of impact branch

Many of the FOs see themselves as stewards rather than as a pure holding company. In portfolio companies, the support is often noticed and appreciated, as many tough challenges occur daily that need to be resolved. A way to exercise active ownership, which is common among all the FOs, is to invest directly into the portfolio companies, which is how most of the invested capital is allocated. Direct investment can also be utilized as a tool for discovering what type of firm it is and receiving a granular understanding of the business.

"One of the things I do recommend is to get your hands a little bit dirty, do some direct investments into the market you would like to operate, and it can be very small amounts. [...] But it means you can also call the people and see what they actually do."

- Jasmine, FO C owner, chairman of the board, and CEO

As displayed in the sentence by Jasmine, what also occurs directly, is communication. Contacts are made between the FOs and their portfolio firms weekly among most of the FOs, and in some instances, multiple times per week. These conversations are both on short-term decisions, but also to continuously identify where the FO can support in both non-financial and financial issues. The type of support that is given is often connected to the personal expertise and strength of the FO team, also here in the early stages of a portfolio company.

"Founders who only need money have a problem. It's never just the money, it's also a lack of experience or a particular issue [...] And when we believe we can solve the problem, then we are the right partner."

- Nathan, FO F part owner and CEO of one investment segment

The non-financial support concerns mostly how to measure the impact, or to be the investor among a group of investors that focuses on impact and can steer the portfolio company in a direction that favors this over financial growth.

5.1.4 Relationship-Driven Operations

Another way to ensure impact aspects are prioritized is for FO owners to invest heavily in the relationships with key people in the portfolio firms and employees in their operational organizations. Through building up long-lasting relationships, the hope is that mutual trust will be created and that fairness and transparency will occur in both directions. Some of the relationships date back decades, especially among those firms that utilize a majority ownership strategy. Here, the relationship produces a loyalty that creates a willingness to go beyond the financial and non-financial expectations set by the FO, with almost a blind willingness to work in the desired FO direction.

"I almost already had decided that whatever he [Jordan, FO G owner] wants me to do, if I could be part of his journey, I would say yes. Even if he says maybe you can clean the office every day haha. No, but in some way I had a great trust in Jordan and his belief and his values."

- Stephanie, FO G CEO of impact branch

"I think I put more demands on myself because of loyalty to the owner. But I also know if something happens, they will be there for me, my family, and the company."

- Philip, FO B CEO of portfolio company

Many of the owners see the trust generated in relationships with the portfolio firms as a guarantee for impact to be emphasized, as it would otherwise be a breach of trust. This belief often dates back long in the family history, and FO D, for example, follows a principle stating that business partners are always treated with the highest level of fairness, which they then believe will be reciprocated.

Another way of expressing the relationship mindset is for FO owners to treat their investments as a personal extension of their family values. It's personally important for the FOs that the impact vehicles progress, especially when they are named after the family. Additionally, the fact that the FOs see it as "their money" makes them more personally involved.

"It's all our own money and of course, you have a different perspective if you invest your own money, than when you invest other people's money. So, we have worked for the money and we have paid taxes for the money and therefore we might be more personally involved and more dedicated. Also more careful doing the right things by using our own money rather than just managing other peoples'."

- Nathan, FO F part owner and CEO of one investment segment

The response in some portfolio companies also supports this view, which seems to generate some sort of authenticity in what the FOs are trying to achieve, along with the FO ability to steer the money in any desired direction.

"First of all, Jasmine [FO C owner] is real. Second, it's Jasmine's money, so she does what she wants with it. Then Jasmine's decision-making time becomes like super short, she moves very fast."

- Hank, FO C portfolio company CEO

"FO D always supports and it's because they are the money, right? The issue is that when you are dealing with the VC, you have a VC team. So, you have an investment manager that is your contact person, and that person has different interests than the money."

- Larry, FO D portfolio company co-founder and head of strategy

5.1.5 Summarizing Remarks

To summarize, the strategies used by impact-focused FOs to translate their non-financial impact priorities are built on several pillars. Initially, there is a need to generate value alignment between the FO and portfolio firms, which heavily relies on supporting identity-aligned entrepreneurs and finding the right individuals to invest in. Additionally, formal, and informal structures are utilized, where FOs with a majority share in portfolio firms conduct more direct control through occupying key management positions. In contrast, formalized models and due diligence permeate the FOs that more closely mirror a classic venture capital strategy. Lastly, all FOs emphasize active ownership through direct investments and

subsequent knowledge sharing. This, coupled with trust-building relationships and the view that FOs are the money, is key for the impact translation process, pre-and post the investments in the portfolio companies.

5.2 Challenges in Translation

Approaching the challenges in the translation strategies, three main themes arise. These are technical issues, (5.2.1) mainly revolving around practical impact measurement and concept-defining issues. Next, unclear additionality (5.2.2) is identified, which concerns mostly how FOs struggle to stand out compared to other investors. Lastly, family ownership inertia (5.2.3) is found, where some common factors among many FOs provide obstacles for impact translation.

5.2.1 Technical Issues

The major technical issue when trying to ensure impact generation is the problem of how to measure the impact, which also relates to the impact concept ambiguity itself. It's time-consuming to find the right KPIs, to deploy these in practice, and to find other relevant companies to reliably benchmark against. This problem occurs both before the investment decision and continues to run throughout the ownership.

"The whole team is struggling on how to measure this ex-ante and ex-post. How do we know how much impact this will be doing, and this is the biggest problem of all I would say because we are not even close to measure it the whole way and it's very cumbersome and it's very difficult to do it."

- Bridget, FO D CFO

All FOs struggle with measuring the impact and the approach to solve the issue differs. Some FOs rely on patience and that an effective measuring process will be created bottom-up, meaning that the portfolio companies are expected to drive the process. Per se, it's considered sufficient, that there is a belief that the invested-in company will create impact, even though it cannot yet be confirmed through measurements. Another more sophisticated approach used by around half of FOs is to actively get involved in the measurement process and utilize active ownership as a way of defining and measuring impact.

The implications of the measuring issues are significant for the translation process. Failure to measure the right things with a serious educated effort creates an unpleasant feeling in some of the portfolio companies, especially the ones working far away from the ownership company.

*"I don't want family offices that want to support impact to, to leave a big s**t behind, you know what I mean? And I think we could solve that by educating them, making them more aware, including some KPIs about ownership or decision-making, representation, etc."*

- Hank, FO C portfolio company CEO

As mentioned, adding to the measurement issue is the impact concept unclarity which makes it easy to deploy the impact concept on websites and in marketing, without significant thought. Thus, some of the FOs themselves feel some freedom to define the concept according to how it fits their current operations, rather than perhaps using a stricter definition and adjusting their operations accordingly.

"I think when you bring in the word impact... What is impact? You know, I think that is also something that is so easy to throw out there. But like, I think it's really up to every family business to define 'what is impact for us?'"

- Anna, FO E part owner and sustainability officer

5.2.2 Unclear Additionality from FOs

Related to the measurement issue is the potential lack of additionality. This means that many of the FOs believe that they are doing impact, but apart from measuring, it is also highly difficult to attribute the achieved impact to specific investors. In the portfolio companies, this lack of additionality is also noticed. Often, the impact is taken for granted, whereas portfolio companies see investors, including FOs, not considering impact in their day-to-day business.

"I don't really see anyone caring too much about impact, right, and maybe that's sort of a little bit unfair because it's sort of... it's something that comes very naturally. If we are successful, we're going to have a positive impact."

- Helena, FO A portfolio company CEO and part owner

Consequently, the view from the FO translation strategies that the FOs apply pressure to pursue impact through structures (5.1.2), active ownership (5.1.3), and relationships (5.1.4) – distinguishing them from other investors, is not uncontested. Several of the portfolio companies do not acknowledge a direct impact pressure from the FOs, and it's rather their judgment that drives the direction of the impact priorities.

"[on whether Jonathan in FO H put strict demands on impact] No, definitely not. I mean, we haven't really given much reason for him to complain so far. For example, if we were to start pulverizing slaughterhouse waste, I believe Jonathan would intervene, but that's something we simply won't do."

- Adam, FO H portfolio company CEO and co-founder

"At the end of the day, a family office is just an investment company. And if you have good luck, they are a bit nicer than the rest."

- Sophia, FO F portfolio company CEO and part owner

Alongside this, a problem with investing heavily in entrepreneurs (5.1.1) appears, mainly based on an entrepreneurial need for freedom. This need seems to be strong among the portfolio firms and creates a distance between the FOs and the portfolio companies. On the one hand, this distance seems to be a precondition for a working owner-entrepreneur relationship. On the other hand, this provides a greater challenge for translating the attempted active ownership to impact outcomes in the portfolio firms. Therefore, a tension between being a good owner in the eyes of the portfolio company and simultaneously driving the impact agenda is created, where the entrepreneurs state to experience full freedom if they act responsibly.

"A good owner is an owner that really doesn't interfere with the company. Everything just runs and the owners are happy, and they make sure the company has the resources it needs."

- Gabriel, FO D part owner and investment manager

"The daily business it's run by... I feel like this is my company, but it's owned by FO B. I can do whatever I want. But I need to take responsibility. They trust me 100%. Loyalty is very important. They have never told me what to do."

- Philip, FO B portfolio company CEO

5.2.3 Inertia in Family Ownership

The final challenge seems to be a built-in inertia that family ownership brings. Important to many of the FOs, especially the ones with a rich history, is to honor and thus not deviate extensively from the principles of the original firm that generated the financial wealth and success. This is mostly prevalent in the older generations, while the younger generations are more open to change. However, they are often not in a position of control at the time, meaning that the possibility of making a real change from the younger generations is generally seen as difficult. The implication is a less authentic and disruptive impact effort.

"I was trying to change his [father of FO H] company [towards impact] which is very difficult when I mean... If you go to your parents and tell them, well, nicely done so far, but just for your information, you're missing the whole point, we are doing it differently now. [...] In the end, people in the company listen to me and they make the appointment because I'm the son of the boss. But in the end, nothing is happening afterward."

- Jonathan, FO H Impact branch owner and CEO [youngest gen]

"I'm not saying that these different things that we're doing have to be only impact first, but it's missing a little bit of it. So yeah, that's something I think at least the next gens are starting to talk about and look into. [...] If I may be very honest, sometimes it feels that the older generation is still like holding on to you know, certain things. And they still want to prove themselves and leave their footprint here which means that, yeah, I'm not sure you know how much they actually listen to the next generation. And I mean, if the mission is to create a better world for future generations, you need to listen to the future generations. And I think it's a very common problem in family businesses."

- Anna, FO E part owner and sustainability officer [7th gen, 6th gen currently in control]

The inertia can also be interpreted as a fear of leaving the status quo that has laid the foundation for success, and that there is no clear intention from current generations to create significant change. Thus, the strong fear of change seems to be emotionally attached to the history of the family. The interpretation from some portfolio firms and FOs themselves is that families are generally terrified to lose what has been created by previous generations.

"Some people [in FOs] are super afraid of failing because they've inherited this so what you must do, is to make sure that the money you got will be well-managed and brought to the next generation. The life mission is holding them back on what they feel they can do because... say that you're investing in an impact company and that's failing. Then you'll be criticized immediately. It's easy to criticize things that are out of the mainstream."

- Hank, FO C portfolio company CEO

FOs are seen as afraid, and even express hate, towards losing money, why they are described as leaning towards the safe bet with a protected downside. The fear of disruption is also reflected in the closeness of the relationship with portfolio firms and external parties. As mentioned, the relationship is a strategy for translation (5.1.4) but caring too much for the relationships potentially mitigates actions that could provide real change.

"It's too important for them [FOs] to have a reputation of being founder friendly or founder fair than it is to you know really push the management team or push the CEO to, you know do better or change or whatever it is that they need to do right."

- Helena, FO A portfolio company CEO and part owner

5.2.4 Summarizing Remarks

To summarize, the challenges facing FOs in the translation process revolve around three areas with multiple implications. Firstly, the technical issues concerning reliable measuring and concept definition persist throughout the investment lifecycle and create difficulties in receiving reliable impact outputs. Related to this, it's equally challenging to appoint potential impact to specific entities, meaning FOs struggle to display their contribution beyond what would have been created anyway. Lastly, the original family success seems to hinder significant deviations in ways of thinking, particularly in older generations. This creates inertia, particularly when control is not in the hands of the more change-oriented younger generations.

5.3 Enablers of Impact

While the technical challenges make it difficult to objectively recognize how well the translation process to impact has worked - two themes have been identified as enablers. The themes are seen as mitigating the challenges faced and potentially contributing to impact translation success. In short, they can be described as shortening the "distance" between the portfolio companies and the FOs (5.3.1), as well as FOs managing to leverage the family ownership uniqueness for enabling impact (5.3.2).

5.3.1 Shortening the Distance Between Portfolio Companies and FOs

For the FOs that adopt the strategy of majority ownership, and directly appoint themselves in leading positions in the portfolio firms, it is more natural to become an involved and active owner. In that way, control can be exercised more clearly, and FO influence becomes significant in day-to-day business. Even though the entrepreneurs still perceive a high sense of freedom, the portfolio firms are more dependent on the FOs which makes their voice louder. This also creates a situation where the goal alignment between the FO and the portfolio firm needs to be stronger and seems to be more personal.

"Me and Jasmine [FO C owner and CEO] we like each other a lot we work very well together. We share the same values. So, me and Jasmine have been creating different businesses together. [...] Me and Jasmine, we speak like every day. So, we're very much aligned."

- Hank, FO C Portfolio company CEO [FO C is majority owner]

Through this shortened distance, it's also easier to overcome the challenge of additionality (5.2.2) and to be different from other owners. The proximity to the portfolio firms helps the

identification of how and where the FO can support the portfolio company to progress in the goal-aligned direction.

"FO F really came in with a know-how in this energy transition [impact] part for sure. So, they provided companies, network partners, money, and cooperation possibilities."

- Adam, FO H Portfolio company CEO and part owner [FO H is majority owner]

5.3.2 Leveraging Family Ownership for Impact Enablement

Common for most FOs, irrespective of the stake, is the flip side of the inertia challenge (5.2.3), namely family-ownership-specific factors, that in contrast align with the impact concept and make them a suitable partner for pursuing impact.

The foundation for this is the long-termism that exists among all the FOs. This is characterized by thinking in generations rather than quarters, and the intention is not to sell or exit the market, but to remain owners through generations. Consequently, FOs are described to be in a position where they can help bridge a huge financing gap because the short-term financial return is not as important when they have the money and are geared towards the long-term. Subsequently, more FOs can engage extensively in non-financial factors such as societal transformation, while portfolio companies will not have to worry about constantly responding to owners' short-term financial demands. Notably, this also occurs in all FOs, even though several of them do not necessarily have the intention to transfer the FO in its current form to the next generation.

Moreover, impact itself is explained to be characterized by the need for patience, which can be given by FOs that have the intention and ability to ride out short-term "storms" and focus on non-financial priorities. It is therefore believed that FOs instead can lead the way in terms of making riskier investments, as they lack urgency for fast return, enabling explorative freedom for portfolio firms to take the time and do things differently.

"They [FO I] knew us and I knew them, so for me, it was important to know that these are people and a family office you want to have with you during a long winter night when it gets cold and the wind blows, which it always does in companies that want to change things, so it is an important thing for me that it was someone we could trust [about FO I going in as equity owner]."

- Jennifer, FO I portfolio company CEO and part owner

Consequently, even though FOs experience challenges making larger shifts in their organization, the long-termism enables more disruptive thinking in the portfolio firms. This is described as a clear difference from a normal venture capital structure focused on impact, which still aims for competitive and timely returns. As such, FO financing in this sense is nimbler and more adaptable, and thus attractive for entrepreneurs who want to pursue impact.

"So there is a huge need and there is a huge gap in financing and that's why so many organizations [impact-oriented] aim for this so-called patient capital and they're all going for the next gens and for all those families who have the money and where in the end, if they get 2 or 10% return doesn't really matter for them because they have the money and there's a huge financing gap."

- Jonathan, FO H impact branch owner and CEO

“If you can go to the family offices, you should always do that because you have better valuations, much less strict monitoring, and you cannot have direct relationships with the people with money like Gabriel [FO D co-founder], anywhere else. And they are much more long-term as well and much more supportive. So, if you can go for them, it's always better.”

- Larry, FO D portfolio company co-founder and head of strategy

Apart from the long-termism, another family-ownership-specific factor that aids the translation to impact is when the relationship with the portfolio firms grows strong. This creates the loyalty and trust mentioned in the relationship translation strategies (5.1.4). Built-up chemistry in some occurrences also seems to create a situation where the portfolio firms are run with a family company mindset. Consequently, the relationship to at least some extent increases the alignment and facilitates the translation process.

5.3.3 Summarizing Remarks

The persisting challenges generate difficulty in discerning whether an effective impact translation has been made. Nonetheless, through exercising direct control, it's more evident that majority ownership FOs have a shorter decision path to where the impact is made, and close involvement ensures better alignment. This helps address mainly the additionality challenge (5.2.2). However, all FOs are increasing their odds for success by utilizing the family ownership strength, counterbalancing the inertia. Through long-term orientation, they become a partner that can provide patient capital, which is crucial for impact. If this can be coupled with strong relationships between them and the portfolio firms, goal alignment will likely exist between the entities, facilitating impact intention into outcomes.

6.0 Analysis

This analysis aims to explore the various components of the theoretical framework in relation to the data collected. It does so by examining the FIBER components individually, discussing how these are utilized by Family Offices (FOs) in the translation process to impact, and elucidating their influence on the success and failure of impact creation. The section concludes with an updated version of the framework that summarizes the findings. The adjustments and additions to the theoretical model will be detailed and referenced throughout the analysis. Similar to the theoretical framework, we recognize that external factors might affect the translation process (6.0.1); however, as they are outside the scope of the research questions, they will not be further analyzed.

6.1 Family Control and Influence

Investing in entrepreneurs, particularly at the early stages (5.1.1), showcases how FOs exert control in two primary ways. Initially, the entrepreneurial environment is familiar territory for FOs, where influencing outcomes is more manageable (Sun et al., 2023). Additionally, early-stage capital investment allows FOs to be closer to the impact achievement. The typically less structured nature of early-stage companies also enhances the FO's ability to guide or define business strategies, as noted by FO C owner Jasmine. Due to the smaller size of these companies, decision-making processes are shorter, ensuring that the FO's influence is pronounced, and the provided capital has a substantial impact (Berrone et al., 2012). This investment approach not only establishes a foundation for FO influence (model 6.1.1) but also enhances impact generation by positioning FOs where they can effectively contribute and provide additional value to the portfolio companies (model 6.1.2).

The extent and timing of FO control vary between those aiming for majority stakes versus those preferring minority stakes akin to traditional venture capital models (5.1.2). Majority stakeholders, like FO F who assumes key roles such as CFO, align with Berrone et al.'s (2012) perspective on direct appointment to significant positions, thus intensifying post-investment influence (model 6.1.3). In contrast, minority stake FOs prioritize due diligence and finding the right people before investing, employing formalized models to ensure investments reflect family values (model 6.1.4). Regardless of stake size, securing a board seat is commonly pursued as a control strategy (Berrone et al., 2012) (model 6.1.5).

Active ownership is another method for ensuring alignment with FO-driven objectives. According to Frank, CEO of FO I, active and direct engagements are crucial for identifying and correcting deviations in values, serving as effective mechanisms for maintaining control over portfolio companies (model 6.1.5). Direct investments, a predominant form of FO engagement, are described as ways to "get their hands dirty," getting closer to the portfolio firms, ensuring companies adhere to intended directions. This proximity also improves the ability to provide added value and facilitates goal alignment (model 6.1.2).

Moreover, the importance of nurturing deep, lasting relationships is evident (5.1.4). For instance, Stephanie from FO G emphasizes her commitment to following FO G owner Jordan's direction, illustrating how strong bonds can align stakeholders with family-centric objectives (model 6.1.6). The challenge of accurately measuring and attributing impact necessitates a deliberate choice by FOs—whether to depend on scalable bottom-up processes or to take direct responsibility for impact assessment. Hank, CEO of FO C, critiques the over-reliance on bottom-up approaches, suggesting that a more hands-on measurement strategy could strengthen FOs' credibility and impact (model 6.1.7AB).

Control is a pervasive element across all identified processes, from defining ambitions to achieving impact (5.1.1-5.1.5), consistent with Swab et al.'s (2020) observation that family owners tailor their behaviors to maintain control. This is true regardless of ownership stakes, reliance on formal models, or relationship dynamics, indicating that control is a critical factor in the FO impact translation process (model 6.1.8).

6.2 Family Members' Identification with the Firm

Family Offices (FOs) clearly emphasize their desire to invest in ventures that resonate with their identity, as outlined in section 5.1.1. Engaging in the early-stage entrepreneurial environment not only allows them to exert control but also strengthens their identification with the portfolio companies (Berrone et al., 2012). Nathan, part owner of FO D, mentions, "they are entrepreneurs" and seek founders who welcome their support, illustrating their intent to extend their identity to the portfolio companies. This identification process is often more successful with smaller firms, as larger, more established firms present challenges in achieving alignment, as experienced by Stephanie, CEO of FO G impact branch. Thus, the strategy involves aligning values between influential individuals from both the FO and the portfolio company, fostering a business environment and impact intent that are aligned (model 6.2.1).

Formalized impact structures also facilitate this identification, as Anna, sustainability manager at FO E, explains how they categorize portfolio companies within an impact model bearing the family name. Achieving the top level of this model signifies full family alignment, representing their progress towards this goal. A similar approach is employed by FO I, which sets non-financial impact goals that translate into financial rewards, effectively syncing portfolio companies with FO ambitions and identity (Berrone et al., 2012) (model 6.2.2).

Market segmentation, often influenced by the family's legacy, is another method of identification. Most FOs view their impact investments as a natural extension of the original firm's legacy. Jasper, CEO of FO A, describes the impact investing mandate as a continuation of the firm's original success, utilizing family knowledge and experience as the foundation for impact generation (model 6.2.3). However, this approach is not without controversy, and when segmentation does not prioritize the greatest need for impact, it may lead to inefficiencies. Aligning efforts too closely with family identity sometimes then relegates impact to a secondary concern (Gómez-Mejía et al., 2007) (model 6.2.4).

Additionally, the challenges of impact measurement (5.2.1) are intrinsically linked to successful or failed identification with the impact efforts in portfolio companies. While some FOs tackle these issues through sophisticated strategies, others may opt for simpler methods like adjusting the definition of impact to fit their narrative, risking their socio-emotional wealth by potentially being perceived as insincere, as noted by Hank (FO C portfolio firm) and Helena (FO A portfolio firm). This could invite external criticism, which is emotionally damaging for FOs (Berrone et al., 2012). Consequently, inadequate measurement efforts foster skepticism regarding the FOs' true intentions (model 6.2.5). Further complicating the issue, some owners, like Gabriel from FO D, believe that providing portfolio companies with ample freedom to evolve is essential to being a good owner, creating a tension between ensuring impact through strict identity aligned measures and allowing entrepreneurial autonomy. This balance is challenging, and as Sophia, CEO of FO F, remarks, sometimes reduces the FO to "just another investment company." Such perceptions are problematic for FOs striving to differentiate themselves and extend their family identity, through impactful efforts (Berrone et al., 2012) (model 6.2.5).

6.3 Binding Social Ties

Binding social ties play a significant role as an impact translation strategy. Section 5.1.1 highlights how connections with entrepreneurs and the selection of smaller firms or specific individuals facilitate alignment between FOs and portfolio companies (model 6.3.1).

Moreover, leveraging the network connected to the original firm's success, as described in 5.1.2, aids active ownership (5.1.3) and supports the additionality discussed in 5.3.1 by shortening the distance to the portfolio companies and establishing FOs as unique, impact-oriented owners (Berrone et al., 2012) (model 6.3.2).

Relationship-driven operations (5.1.4) indirectly shape portfolio company expectations and foster alignment with family values (Berrone et al., 2012), with long-standing relationships engendering mutual trust. This trust not only makes portfolio companies more attuned to FO goals but also motivates them to exceed expectations (model 6.3.3). For instance, Philip, CEO of FO B, reports setting higher personal expectations due to his trust in FO B's unwavering support. The importance of these social ties varies with ownership stakes; for majority owners, these networks are crucial, enhancing their contribution to investment opportunities and reducing reliance on formal decision-making models. This aligns with their strategy of deep engagement with each portfolio company, upon which they are more dependent for success.

However, the benefits of close relationships for impact translation are not obvious. Helena, CEO of FO A, notes that FOs' need to be perceived as founder-friendly often results in less pressure on portfolio companies to undertake disruptive changes. This reflects a fear of disrupting established ties (5.2.3), suggesting that relationship maintenance may sometimes supersede the pursuit of impact. Consequently, FOs might not risk their social ties to push portfolio companies towards risk-taking, often required for generating impact (Born & Brest, 2013). Social ties, therefore, can be a double-edged sword; they foster stability and commitment, valuable during challenging times as described by Jennifer, CEO of FO I portfolio company (model 6.3.3). Yet, the prioritization of these relationships can also inhibit the push for impact actions within portfolio companies (model 6.3.4).

6.4 Emotional Attachment

In the impact securing structures (5.1.2), specifically in market segmentation, there is a notable emotional attachment to the legacy of the original firm, which significantly influences decision-making. This attachment to the legacy guides investment strategies, as explained by Jasper, CEO of FO A. This emotional connection is evident in the active ownership strategies (5.1.3) where FOs express a desire to be useful and assist with non-financial issues. Direct investing and communication enhance this connection, fostering a sense of stewardship over a mere holding-company role. This approach to market segmentation, aligning with the original firm's success, facilitates the regeneration of the family self-concept and alignment with its history (Berrone et al., 2012) (model 6.4.1).

Another emotional aspect of the impact translation involves the money itself, shaped partly by its historical origins. Larry, co-founder of FO D, encapsulates this by stating, "FOs are the money," highlighting the clear alignment of values and control, as well as personal reflection of the families in the financial aspects (model 6.4.2). This personal connection to the funds leads to several outcomes: the capital becomes an emotional extension of the family members, ensuring careful deployment; it lends authenticity to interactions with portfolio companies; and it results in faster decision-making. This integration of family and finances strengthens emotional attachment, leading to investment decisions that align closely with family desires,

are perceived as authentic, and face less scrutiny from portfolio companies (Berrone et al., 2012) (model 6.4.3).

However, as highlighted in 5.2.3, a strong emotional attachment to the family's historical success instills a deep fear of losing the capital. This fear aligns poorly with the high-risk nature of II, as noted in the context of binding social ties. Adhering too strictly to conventional paths, driven by fear, may inhibit taking necessary risks for impact to occur (Born & Brest, 2013). Consequently, emotional attachment, while facilitating communication, involvement, and value alignment, also renders deviations from traditional successes and potential financial losses more daunting for FOs (Berrone et al., 2012) (model 6.4.4)

6.5 Renewals of Family Bonds through Dynastic Succession

When examining potential inertia in family ownership (5.2.3), challenges related to expectations of renewal among the FOs emerge. FOs with a rich family history often need to balance the original success with the need for renewal. The data shows that impact efforts are typically championed by the younger generation, which is normally not in control. Therefore, FOs with longstanding histories where older generations hold control must find a balance between preserving the legacy of the original firm and ensuring the successful renewal of the FO by engaging and satisfying younger generations (Berrone et al., 2012) (model 6.5.1). Unfortunately, this balancing act sometimes results in non-authentic impact efforts, as noted by younger family members like Anna (FO E) and Jonathan (FO H). They report a superficial receptiveness to impact initiatives, but a lack of genuine commitment to making significant changes, suggesting actions that are merely performative to secure a smooth dynastic succession (Berrone et al., 2012) (model 6.5.2).

Despite these issues tied to historical legacies, the same factors often underpin the provision of patient capital crucial for impact investing (5.3.3). Thinking in generational terms rather than in fiscal years fosters a long-term perspective that allows portfolio companies the necessary time to demonstrate potential financial and non-financial success. This generational approach provides the companies with the explorative freedom and investor patience required to navigate the emerging field of impact investing (Sun et al., 2023) (model 6.5.3). However, the imperative for succession planning does not impact all FOs equally, as patient capital and generational thinking prevail regardless of whether there is a formal succession plan involving future generations. This observation challenges the assertion by Swab et al., (2020) that such conditions are necessary for FOs when implementing the FIBER components.

6.6 Summary and Discussion

This summary demonstrates that all FIBER components significantly influence FOs' approaches to impact translation and their success. The insights from the analysis have led to an updated theoretical framework illustrated in Figure 6.1

Control is foundational in impact translation; early-stage investing in entrepreneurial ventures allows FOs to exercise control and enables impact by providing added value. Majority owners exert control in a theory-aligned manner by appointing key roles directly (Berrone et al., 2012) while minority owners use formalized models to maintain control. Long-lasting relationships also provide indirect control over portfolio company actions, making control a prevalent element across all strategies, and is a critical FO impact translation strategy (Swab et al., 2020).

Identification builds on control, with FOs focusing on value alignment among key stakeholders to facilitate impact translation. The entrepreneurial setting enhances the

extension of FO identity (Berrone et al., 2012). Additionally, formalized models help link family ambitions to concrete, achievable non-financial goals within portfolio companies. Market segmentation directs investment opportunities early on, continuing the family legacy. However, this can limit investment scope and impact. Also, simplistic handling of technical issues risks compromising the family identity tied to the FO (Berrone et al., 2012). Conflicting views on whether good ownership involves granting entrepreneurial freedom or imposing stringent impact goals add complexity.

Binding social ties support additionality through the sharing of the FO network. Trust-building relationships act as informal guidelines for portfolio companies, ensuring they align with FO expectations. The dual nature of social ties—they foster stability and commitment but may also diminish impact pressure—highlights their complex role in impact generation (Berrone et al., 2012). Emotional attachment to the market segmentation redefines family values within portfolio companies. FOs being synonymous with "the money" enhances authenticity and decision-making efficiency but poor decisions have high emotional costs and hinder necessary risks for impact (Born & Brest, 2013). Renewal through dynastic succession, where control shifts from older to younger generations advocating for impact, raises questions about the authenticity of impact intentions (Berrone et al., 2012). While renewal promotes generational thinking suitable for impact investing, it is not always part of a clear succession plan. Nevertheless, FOs manage to provide patient capital consistently, suggesting that renewal is not essential for generating non-financial impact through investments.

Finally, insights from the analysis allow for the possibility to start making connections between the FIBER generated impact strategies and specific impact enablers and barriers. These are represented by the arrows in the updated model that connect the different strategies grouped in the FIBER dimensions, to specific enablers and/or barriers resulting from those same dimensions. These connections provide valuable insights to our research questions and will be reflected on in the conclusion that follows.

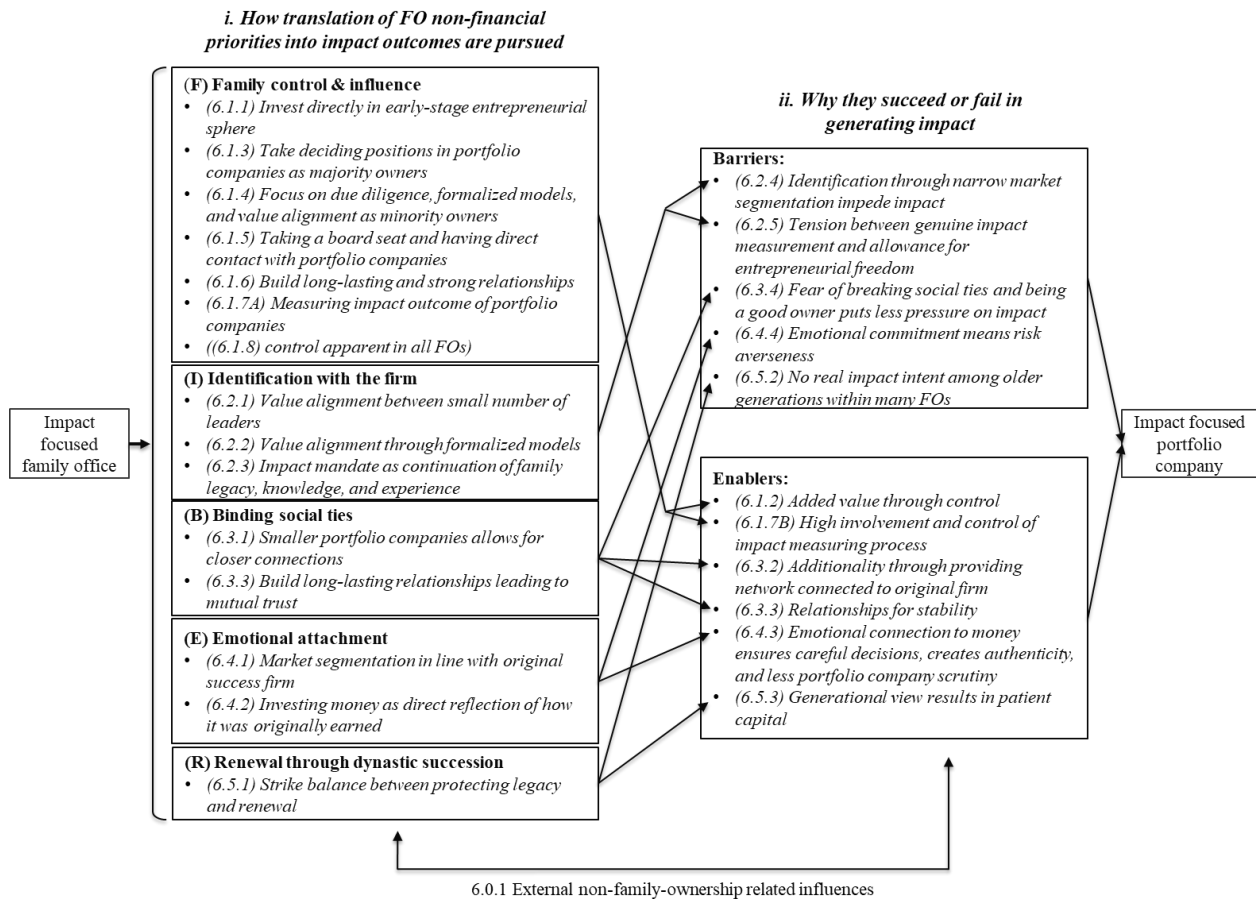


Figure 6.1 Updated theoretical framework (Holmberg & Schwab, 2024)

7.0 Conclusion and Contributions

This section aims to present the relevant conclusions from our thesis (7.1), highlighting the answers to our research questions and bridging the research gap. Additionally, the limitations and contributions of our findings are discussed along with suggestions for future research (7.2).

7.1 Conclusion

The overarching purpose of this study was twofold. First, the objective was to investigate how impact-oriented Family Offices (FOs) pursue impact investments (II), with the goal of discovering potential family-unique dimensions that shape this pursuit. Additionally, the intention was to determine how these dimensions influence the success of impact generation. Through the main FIBER framework, adapted to fit the research context, we discovered evidence for this dual purpose and drew valuable connections in the process from FO impact intent, to strategy, and to impact enablers or barriers.

From the collected data, it is clear that impact-oriented FOs constantly juggle various family-specific dimensions when pursuing impact. Strategies for exercising control are prevalent, and through at least six methods, we observed that FOs act towards portfolio companies to ensure control, as expected from theory. A new connection we identified is that actions for control lay the foundation for two major impact enablers, by providing unique support in measuring and assisting the portfolio firms. Identification also permeates the strategies, but it creates two main barriers to impact by limiting the impact scope and generating tension regarding the type of ownership. Binding social ties, consistent with theory, are apparent throughout the impact generation process. However, they act as a barrier to impact due to FOs' fears of damaging relationships but also enable impact through the FOs' ability to provide a wide network for portfolio companies and through strong relationships.

A dimension that becomes particularly impactful, not as heavily emphasized in the original theoretical framework, is emotional attachment, especially the proximity between family and invested capital. This emotional connection to the invested capital, and the authenticity it generates, made the FO a truly desirable partner for impact generation—a factor the theoretical model could not predict. However, it was difficult to discern from the data how much the emotional attachment to the invested capital decreased the FOs' risk willingness. In this way, we cannot determine how much this also makes the FOs shy away from investing larger amounts into impact. This also connects to the survival of the firm; from the data analysis, it wasn't clear whether the survival of the FO was ever at risk due to the impact effort (Gómez-Mejía et al., 2007). Potentially, this could be explained by most FOs investing amounts they can afford to lose, thus avoiding venture risk but also further limiting the funds allocated for impact.

We also conclude that renewal is an important factor both for the impact strategy and as an enabler and barrier. Two different perspectives emerge: one consists of a genuine intent for making disruptive changes where renewal provides a foundation for patient capital. However, when younger generations are not in control, renewal acts as a barrier, and the impact intention appears more as a façade. This parallels the effect found by Schickinger et al. (2023), where they state that younger generations need to be in control to increase the chance for genuine impact generation. This also offers another perspective on the issues identified by ter Braak-Forstinger & Selian (2020), who claim that a key issue in generating impact is the lack of a trusted space in FOs, and the data suggest that older generations in control could be a main reason for this lack.

However, there is also a discrepancy as FOs without a succession plan are still said to provide patient capital, both in their own view and in the eyes of the portfolio companies. From the data, we conclude there is a strong enough personal and emotional connection to the money, regardless of a clear succession plan. This emotional connection could be a reason for the reduced reliance on renewal through dynastic succession to provide patient capital, which contrasts with Swab et al. (2020) that dynastic succession is necessary for FIBER operationalization.

In conclusion, all FIBER dimensions shape impact-oriented strategies, which in turn act as both enablers and barriers to impact. However, the importance of the different factors varies, and emotional attachments and renewal through dynastic succession showed the most deviant results from what was theorized. These findings help bridge the gap around the impact translation process, bringing us one step closer to understanding how FOs transition from impact ambition to impact outcomes, and what factors mediate their success.

7.2 Limitations and Contributions

7.2.1 Limitations

The findings of this study are subject to certain limitations. Although the qualitative approach is well-suited for exploring nascent research areas and is based on rich, descriptive data from a relevant sample, it does not permit generalization beyond the research context (Bell et al., 2022). Thus, the findings provide insightful but context-specific insights, particularly regarding the intersection of Family Offices (FOs) and Impact Investing (II) within Sweden and culturally close countries. It is important to note that other geographical markets, FOs with different investment focuses, and various contextual factors could lead to different outcomes. Moreover, the position and actions of us as researchers introduce limitations. The qualitative and abductive nature of the study requires active researcher involvement, which can significantly influence outcomes. Consequently, one potential limitation, apart from what has been brought up in the quality of the study (4.4), is interview bias, where our expectations, set from the theoretical model might have interfered with the judgment of the interviewees, resulting in skewed responses (Salazar, 1990).

7.2.2 Practical Contributions

Despite these limitations, the study contributes to practice in multiple ways. As noted in the conclusion, the findings demonstrate how the FIBER dimensions shape FOs' impact strategies and their effectiveness in achieving their impact goals. By illustrating these strategies, we initiate dialogue and enhance awareness among all II stakeholders about best practices for achieving impact.

Furthermore, FOs can leverage these insights as a tool to better understand how their family background and ownership influence their strategic approaches, thereby impacting their success in achieving their impact goals. Recognizing the factors and strategies that facilitate or impede impact outcomes allows FOs to reflect on their actions and develop methods that enhance enablers and reduce barriers.

The findings also assist portfolio companies and entrepreneurs seeking II capital to comprehend the unique characteristics of FOs, such as family dynamics and emotional factors, which influence their investment behaviors. With a deeper understanding of their business partners, portfolio companies can better navigate relationships with FOs, enhancing value alignment. Further, these insights enable entrepreneurs seeking investments to make more informed decisions about whether FOs are appropriate business partners. Ultimately, we

hope this study fosters better mutual understanding among stakeholders, leading to improved value alignment, more effective collaboration, and greater impact realization.

7.2.3 Theoretical Contributions

Aligned with the anticipated contributions from section 1.2, we explored the research area of Socio-Emotional Wealth (SEW). Rather than using SEW to examine family firm-specific factors that influence decision-making, we applied SEW to the related concept of Family Offices (FOs) focusing on Impact Investing (II) and how it influences their actions in practice. This novel application yielded relevant findings, and we hope it inspires other researchers to extend SEW beyond its traditional context.

Furthermore, we expanded the application of the framework by explaining which FIBER dimensions function as enablers or barriers to impact, or both. To our knowledge, linking actions generated by FIBER dimensions to whether they enable or impede impact represents a new contribution to the FIBER framework. As noted in the conclusion, there are contingencies and varying significance of the different FIBER dimensions. By emphasizing the importance of family control and downplaying renewal, our findings challenge the existing theory on the interdependence of FIBER dimensions (Swab et al., 2020).

Although the thesis focused on FOs and II, the results also contribute theoretically to the mixed findings on family enterprises' sustainability performance (e.g., Lamb et al., 2017; Rees & Rodionova, 2015). Our findings suggest that merely intending to act sustainably is insufficient for family enterprises; balancing impeding and enabling factors related to family ownership is crucial for achieving sustainable outcomes. However, since our research did not aim to prove or disprove previous theories, the findings primarily provide a foundation for further research in this area.

7.2.4 Future Research

Our study has identified several potential avenues for future research. One area involves replicating our study in various cultural contexts, as the reasons for establishing a FO can vary significantly depending on the legal environment, tax regulations, and other socio-economic factors specific to each culture (Wetter & Nordqvist, 2024). Comparing the same study's results across different cultural settings could reveal novel themes and contribute to a richer understanding of the impact translation process.

Additionally, the nascent nature of II suggests that market dynamics and stakeholder roles are evolving (Born & Brest, 2013). Replicating this study at a later time could provide insights into the development of the II space and how alignment with FOs' affective needs may have shifted since the initial publication. Another option is conducting a longitudinal study on the same topic to track FOs and portfolio firms as the II concept matures.

Finally, to better understand the specific effects of the FIBER dimensions on translating FOs' impact priorities, we advocate for quantitative testing of our framework. Testing the established links between FIBER dimensions and their roles as barriers or enablers would be particularly valuable. Future research could thus not only qualitatively explore our findings in other contexts but also quantitatively assess our theoretical additions to the FIBER framework.

8.0 References

- Agrawal, A., & Hockerts, K. (2021). Impact investing: review and research agenda. *Journal of Small Business and Entrepreneurship*, 33(2), 153–181.
<https://doi.org/10.1080/08276331.2018.1551457>
- Alvesson, M., & Kärreman, D. (2007). Constructing Mystery: Empirical Matters in Theory Development. *Source: The Academy of Management Review*, 32(4), 1265–1281.
<http://www.jstor.org/stable/20159366>
- Atkinson, P., Coffey, A., & Delamont, S. (2002). Key themes in qualitative research: continuities and changes. *Canadian Journal of Education*, 27(4), 528.
<https://doi.org/10.2307/1602252>
- Barber, B. M., Morse, A., & Yasuda, A. (2021). Impact investing. *Journal of Financial Economics*, 139(1), 162–185. <https://doi.org/10.1016/J.JFINECO.2020.07.008>
- Bell, E., Harley, B., Bryman, A. & B., & Bell, Emma, Alan Bryman, and B. H. (2022). Business research methods. 2022, *Sixth Edition*.
https://books.google.com/books/about/Business_Research_Methods.html?hl=de&id=hp tjEAAAQBAJ
- Berk, J. B., & van Binsbergen, J. H. (2021). The Impact of Impact Investing. *SSRN Electronic Journal*. <https://doi.org/10.2139/SSRN.3909166>
- Berrone, P., Cruz, C., & Gomez-Mejia, L. R. (2012). Socioemotional Wealth in Family Firms: Theoretical Dimensions, Assessment Approaches, and Agenda for Future Research. *Family Business Review*, 25(3), 258–279. <https://doi.org/10.1177/0894486511435355>
- Boffo, R., & Patalano, R. (2020). *ESG Investing: Practices, Progress and Challenges*.
<https://www.oecd.org/finance/ESG-Investing-Practices-Progress-and-Challenges.pdf>
- Born, K., & Brest, P. (2013). When Can Impact Investing Create Real Impact? *Stanford Social Innovation Review*, 11(4), 22–31. <https://doi.org/10.48558/JFWQ-GZ70>
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101. <https://doi.org/10.1191/1478088706QP063OA>
- Bugg-Levine, A., & Emerson, Jed. (2011). *Impact investing : transforming how we make money while making a difference*.
- Cabrera-Suárez, M. K., Déniz-Déniz, M. de L. C., & Martín-Santana, J. D. (2014). The setting of non-financial goals in the family firm: The influence of family climate and identification. *Journal of Family Business Strategy*, 5(3), 289–299.
<https://doi.org/10.1016/J.JFBS.2014.05.003>
- Corbin, J., & Strauss, A. (2008). *Basics of qualitative research : techniques and procedures for developing grounded theory* (A. Strauss, Ed.; 3. ed.) [Book]. SAGE.
- Cruz, C., Larraza-Kintana, M., Garcés-Galdeano, L., & Berrone, P. (2014). Are Family Firms Really More Socially Responsible? *Entrepreneurship: Theory & Practice*, 38(6), 1295–1316. <https://doi.org/10.1111/etap.12125>

- Dyer, W. G. (2003). The Family: The Missing Variable in Organizational Research. *Entrepreneurship: Theory & Practice*, 27(4), 401–416. <https://doi.org/10.1111/1540-8520.00018>
- Dyer, W. G., & Whetten, J. A. D. (2006). *Family Firms and Social Responsibility: Preliminary Evidence from the S&P 500*. <https://doi.org/10.1111/j.1540-6520.2006.00151.x>
- Edmondson, A. C., & Mcmanus, S. E. (2007). Methodological fit in management field research. <https://doi.org/10.5465/Amr.2007.26586086>, 32(4), 1155–1179.
- Faller, C. M., & zu Knyphausen-Aufseß, D. (2018). Does Equity Ownership Matter for Corporate Social Responsibility? A Literature Review of Theories and Recent Empirical Findings. *Journal of Business Ethics*, 150(1), 15–40. <http://www.jstor.org.ez.hhs.se/stable/45022549>
- Family Offices: Global Landscape and Key Trends*. (2020). <https://www.insead.edu/sites/default/files/assets/dept/centres/gpei/docs/insead-student-family-offices-global-landscape-and-key-trends-2020.pdf>
- Gates, B. (2021). The one thing I hope people take away from my climate book. *GatesNotes*. <https://www.gatesnotes.com/Lowering-Green-Premiums>
- Geobey, S., Westley, F. R., & Weber, O. (2012). Enabling Social Innovation through Developmental Social Finance. *Journal of Social Entrepreneurship*, 3(2), 151–165. <https://doi.org/10.1080/19420676.2012.726006>
- Glänzel, G., & Scheuerle, T. (2016). Social Impact Investing in Germany: Current Impediments from Investors' and Social Entrepreneurs' Perspectives. *Voluntas*, 27(4), 1638–1668. <https://doi.org/10.1007/S11266-015-9621-Z/METRICS>
- Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J. L., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, 52(1), 106–137. <https://doi.org/10.2189/ASQU.52.1.106>
- Heritage, John. (1984). *Garfinkel and ethnomethodology*. Polity Press.
- Index on Cultural Similarity*. (n.d.). Retrieved May 1, 2024, from https://userpage.fu-berlin.de/~jroose/index_en/main_indexvalues.htm
- Johnson, K., & Lee, H. (2013). *Impact Investing: A Framework for Decision Making*. <https://thegiin.org/assets/documents/pub/impact-investing-a-framework-for-decision-making.pdf>
- Lamb, N. H., Butler, F., & Roundy, P. (2017). Family firms and corporate social responsibility: exploring “concerns.” *Journal of Strategy and Management*, 10(4), 469–487. <https://doi.org/10.1108/JSMA-02-2016-0010>
- Lincoln, Y. S., & Guba, E. G. (1985). *Naturalistic inquiry* (E. G. Guba, Ed.) [Book]. Sage.

- Lorenzo, A., Capolupo, P., De Massis, A., Messini Petruzzelli, A., & Miroschnychenko, I. (2023). Special Issue - Call for Papers Proposal for Journal of Family Business Strategy. *Journal of Family Business Strategy*.
- Moore, M. L., Westley, F. R., & Brodhead, T. (2012). Social Finance Intermediaries and Social Innovation. *Journal of Social Entrepreneurship*, 3(2), 184–205.
<https://doi.org/10.1080/19420676.2012.726020>
- Needham, S., & Harvey, P. (2020). *Inside view BlackRock Global Family Office Survey*.
<https://juniperplace.com/wp-content/uploads/2021/07/global-family-office-survey-web.pdf>
- Nordqvist, M., Melin, L., Waldkirch, M., & Kumeto, G. (2015). *Theoretical perspectives on family businesses* (M. Nordqvist, L. Melin, M. Waldkirch, & G. Kumeto, Eds.) [Book]. Edward Elgar Publishing.
- Quinn, Q. C., & Munir, K. A. (2017). Hybrid categories as political devices: The case of impact investing in frontier markets. *Research in the Sociology of Organizations*, 51, 113–150. <https://doi.org/10.1108/S0733-558X20170000051002/FULL/XML>
- Rees, W., & Rodionova, T. (2015). The Influence of Family Ownership on Corporate Social Responsibility: An International Analysis of Publicly Listed Companies. *Corporate Governance: An International Review*, 23(3), 184–202.
<https://doi.org/10.1111/corg.12086>
- Rivo-López, E., Villanueva-Villar, M., Vaquero-García, A., & Lago-Peñas, S. (2017). *Family offices: What, why and what for*. <https://doi.org/10.1016/j.orgdyn.2017.03.002>
- Roche, J., Cruz, C., & Pareja, B. (2023). Welcome to my House! An Identity Work Perspective on Family Impact Investors' Approaches to Impact Investing. *Academy of Management Annual Meeting Proceedings*, 2023(1), 1–6.
<https://doi.org/10.5465/AMPROC.2023.265bp>
- Rosplock, K., & Welsh, D. H. B. (2012). Sustaining Family Wealth: The Impact of the Family Office on the Family Enterprise. *International Studies in Entrepreneurship*, 15, 289–312. https://doi.org/10.1007/978-1-4614-0911-3_17
- Roundy, P. T., Holzhauer, H. M., & Dai, Y. (2017). Finance or Philanthropy? Exploring the Motivations and Criteria of Impact Investors. *Strategic Responsibility Journal*, *Forthcoming*.
<https://ssrn.com/abstract=2911570Electroniccopyavailableat:https://ssrn.com/abstract=2911570Electroniccopyavailableat:https://ssrn.com/abstract=2911570>
- Salazar, M. K. (1990). Interviewer Bias How It Affects Survey Research. *AAOHN JOURNAL*, 38(12).
- Samuelson, D., de Chadaverian, G., & Payiastakis, D. (2021). *INVESTING FOR GLOBAL IMPACT INDIVIDUALS, FAMILIES, FAMILY OFFICES & FOUNDATIONS*.
<https://privatebank.barclays.com/content/dam/privatebank-barclays-com/en-gb/private-bank/documents/campaign/ifgi/investing-for-global-impact-2021.pdf>

- Schickinger, A., Bierl, P. A., Leitterstorf, M. P., & Kammerlander, N. (2023). Family-related goals, entrepreneurial investment behavior, and governance mechanisms of single family offices: An exploratory study. *Journal of Family Business Strategy*, 14(2), 100393. <https://doi.org/10.1016/J.JFBS.2020.100393>
- Sharma, P. (2004). An Overview of the Field of Family Business Studies: Current Status and Directions for the Future. *Family Business Review*, 17(1), 1–36. <https://ez.hhs.se/login?url=https://www.proquest.com/scholarly-journals/overview-field-family-business-studies-current/docview/211081893/se-2?accountid=39039>
- Stahl, N. A., & King, J. R. (2020). Expanding Approaches for Research: Understanding and Using Trustworthiness in Qualitative Research [Article]. *Journal of Developmental Education*, 44(1), 26–28.
- Sun, J., Pellegrini, M. M., Dabić, M., Wang, K., & Wang, C. (2023). Family ownership and control as drivers for environmental, social, and governance in family firms. *Review of Managerial Science*, 1–32. <https://doi.org/10.1007/S11846-023-00631-2/TABLES/7>
- Sustainable Development Goals*. (n.d.). Retrieved March 30, 2024, from <https://www.who.int/europe/about-us/our-work/sustainable-development-goals>
- Swab, R. G., Sherlock, C., Markin, E., & Dibrell, C. (2020). “SEW” What Do We Know and Where Do We Go? A Review of Socioemotional Wealth and a Way Forward. *Family Business Review*, 33(4), 424–445. <https://doi.org/10.1177/0894486520961938>
- ter Braak-Forstinger, C., & Selian, A. (2020). *White Paper: How to increase family office engagement in impact investing*. Bertelsmann Stiftung June 2020. <https://www.bertelsmann-stiftung.de/en/publications/publication/did/white-paper-en>
- Thompson, J. (2022). A Guide To Abductive Thematic Analysis. *Qualitative Report*, 27(5), 1410–1421. <https://doi.org/10.46743/2160-3715/2022.5340>
- Timmermans, S., & Tavory, I. (2012). *Theory Construction in Qualitative Research*. 30(3), 167–186. <https://doi.org/10.1177/0735275112457914>
- Toniic - the global action community for impact investing - Toniic*. (n.d.). Retrieved May 9, 2024, from <https://toniic.com/>
- Treviño, L. K., den Nieuwenboer, N. A., Kreiner, G. E., & Bishop, D. G. (2014). Legitimizing the legitimate: A grounded theory study of legitimacy work among Ethics and Compliance Officers. *Organizational Behavior and Human Decision Processes*, 123(2), 186–205. <https://doi.org/10.1016/J.OBHDP.2013.10.009>
- Villalonga, B. (2018). The impact of ownership on building sustainable and responsible businesses. *Journal of the British Academy*, 6(s1), 375–403. <https://doi.org/10.5871/jba/006s1.375>
- Wessel, S., Decker, C., Lange, K. S. G., & Hack, A. (2014). One size does not fit all: Entrepreneurial families’ reliance on family offices. *European Management Journal*, 32(1), 37–45. <https://doi.org/10.1016/J.EMJ.2013.08.003>

Wetter, E., & Nordqvist, M. (2024). *Family Office Insights – The Identity Issue*.
<https://www.hhs.se/contentassets/bd4d13770df94593b684960896b57b26/family-office-insights---the-identity-issue1.pdf>

Why private companies need to catch up on sustainability | *World Economic Forum*. (n.d.).
Retrieved March 30, 2024, from <https://www.weforum.org/agenda/2022/04/why-private-companies-need-to-catch-up-on-sustainability/>

9.0 Appendices

This will contain the interview guides used, the result of the data analysis and AI guidelines.

9.1 Interview Guide(s)

Research Question (not disclosed completely to interviewee):

- a. How do family offices with a focus on impact investment translate their non-financial priorities into actionable outcomes within their portfolio?
- b. Why do they succeed or fail in this process?

FO owner/family member:

Introduction:

Two students from SSE in MBM writing our master's thesis. The topic is how family offices and focusing on impact and how they transfer their ambitions to portfolio companies.

- Please introduce yourself.
- How did you get involved with your current company?
- Which parts are concerned with sustainability/ impact investment (elaborate on the functions that are connected to sustainability)

Main part:

- What are the underlying reasons that drive the focus of social/environmental/impact at your firm?
- Has the family ownership impacted investment strategies regarding impact investment?
 - o How/why?
- How is the concept of impact investment incorporated into your investment decision/operations in general?
- Within the impact space, do you feel that you want to be an innovator a catalyst, or do you want to be more of a follower and find smart ways to kind of capitalize on opportunities that pass by?
- How do you work to transfer your impact desires to the portfolio companies?
- What is your goal regarding your impact investment achievements?
 - o How are you measuring the success or progress that you made?
- Would you say you have created impact so far or not? Why has it been successful and when has it failed?

Family-owned effects:

- How do you view risk?
 - o Would you say that you manage the impact investments for a limited upside and durability, or see it more as taking a bigger risk and expect a huge upside somewhere?
- How closely do identify with the firm?
 - o Does that affect the direction of the form in any way?

Rounding up/ final remarks:

Is there a question that we haven't asked that would help us understand your business and your alignment to the concept of impact investment better? What would it be?

Can you recommend any of your portfolio companies that we can talk to?

Operational position in FO:

Introduction:

Two students from SSE in MBM writing our master's thesis. The topic is how family offices and focusing on impact and how they transfer their ambitions to portfolio companies.

- Please introduce yourself.
- How did you get involved with your current company, what motivated you to join?
- Which parts are concerned with sustainability/ impact investment (elaborate on the functions that are connected to sustainability)

Main part:

- What are the underlying reasons that drive the focus of social/environmental/impact at your firm?
- Do you believe the family ownership impacted investment strategies regarding impact investment?
 - o How/why?
- How is the concept of impact investment incorporated into your investment decision/ operations in general?
- Within the impact space, do you feel that you want to be an innovator a catalyst, or do you want to be more of a follower and find smart ways to kind of capitalize on opportunities that pass by?
- How do you work to transfer your impact desires to the portfolio companies?
- What is your goal regarding your impact investment achievements?
 - o How are you measuring the success or progress that you made?
- Would you say you have created impact so far or not? Why has it been successful and when has it failed?

Family-owned effects:

- How do you view risk?
 - o Would you say that you manage the impact investments for a limited upside and durability, or see it more as taking a bigger risk and expect a huge upside somewhere?
- How closely do identify with the firm?
 - o Does that affect the direction of the form in any way?

Rounding up/ final remarks:

Is there a question that we haven't asked that would help us understand your business and your alignment to the concept of impact investment better? What would it be?

Can you recommend any of your portfolio companies that we can talk to?

Portfolio companies:

Introduction:

Two students from SSE in MBM writing our master's thesis. The topic is how family offices and focusing on impact and how they transfer their ambitions to portfolio companies.

- Please introduce yourself and tell us how your interest in social entrepreneurship started.
- How did you get started with your current company?

Main part:

- Can you identify some of your motivations and reasons, why you started this social entrepreneurial venture?
- Take us through the owner structure of the company. Who are the shareholders in the company? Any rounds of equity?
- What was the process of reaching out to them?
 - o Could you choose where your capital is coming from? If yes, how is that thought process?
- Can you see differences on the relationship between FO owner and the other external shareholders?
 - o *Can you elaborate on your relationship to FO*
 - o *Are they active owners, do they have tougher or lighter demands?*
 - o *Can you feel any differences in how they follow up on their investment, compare to other types of owners?*
 - o Do you feel pressured to create impact from the ownership side?
- Do you feel like you have the complete authority to set the vision of the company? Do you feel like the ownership from the FO impacts you in any direction?
- What is your goal regarding your impact investment achievements?
 - o How are you measuring the success or progress that you made?
- Would you say you have created impact so far or not? Why has it been successful and when has it failed?

Plan for the future of the company

- What is the plan for the company in the future?
 - o Has that changed over time?
 - o Have the shareholders had any influence on these plans?
 - o Do different types of shareholders try to take different influence regarding the future?

Family-owned effects:

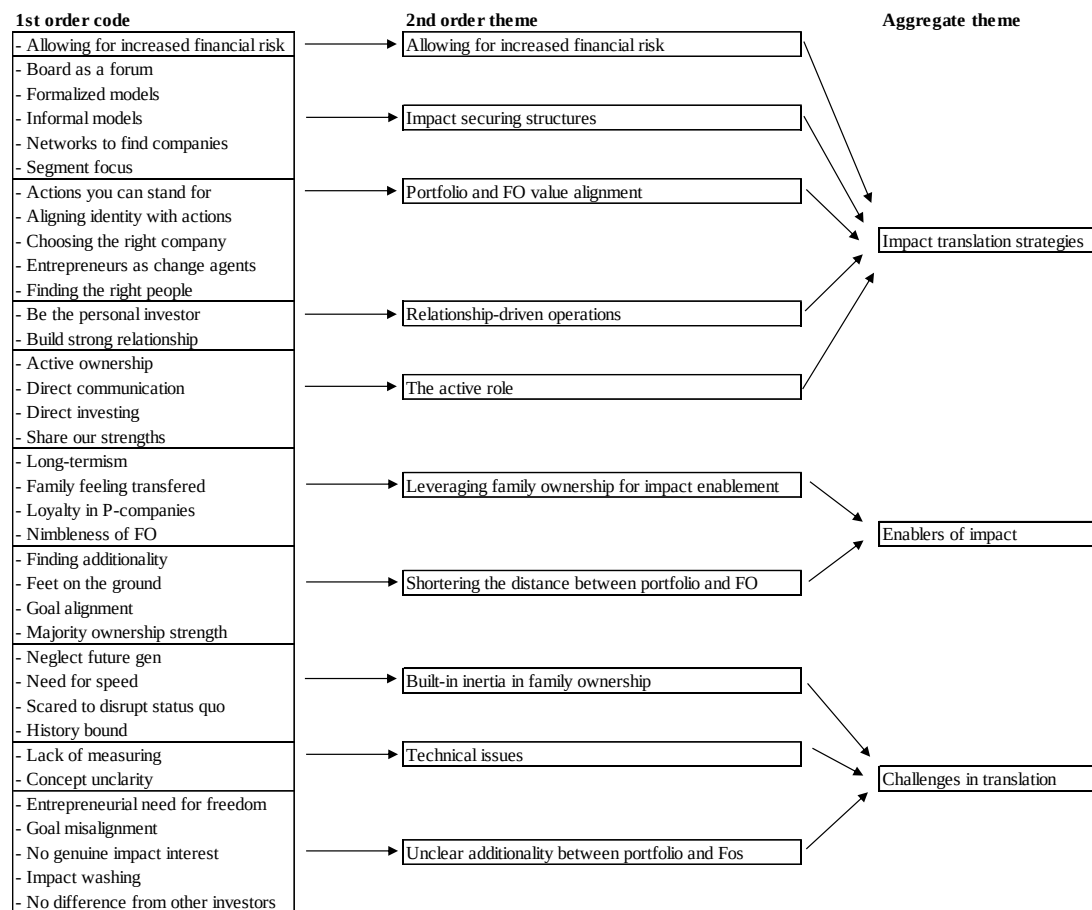
- How aligned do you feel with your investors? – Especially regarding values

- Are there differences between different types of investors?

Rounding up/ final remarks:

Is there a question that we haven't asked that would help us understand your business and your alignment to the concept of impact investment better? What would it be?

9.2 Data Analysis



Data analysis from 1st order codes to 3rd order aggregate themes

Codes/Files	Larry	Sophia	Jasper	Hank	Frank	Jonathan	Simon	Gabriel	Philip	Jasmine	Adam	Anna	Stephanie	Helena	Jordan	Nathan	Gretchen	Didrik	Bridget	Jennifer	Total
Actions you can stand for			X	X	X		X	X				X								X	7
Active ownership	X	X			X						X	X				X		X	X	X	9
Aligning identity with actions			X		X		X	X	X	X										X	7
Allowing increased financial risk			X					X		X				X		X				X	6
Be the personal investor		X	X	X			X			X			X	X		X	X	X		X	11
Board as a forum					X				X			X	X		X				X	X	7
Build strong relationships	X	X		X	X	X	X	X	X	X		X	X	X			X	X	X	X	16
Choosing the right company		X	X			X		X				X									5
Concept unclarity	X	X				X						X				X					5
Direct communication	X			X		X	X		X	X											6
Direct investing	X	X	X	X		X				X	X			X			X	X		X	11
Entrepreneurial need for freedom	X	X		X			X	X	X	X	X		X	X				X			11
Entrepreneurs as change agents	X		X		X	X		X		X				X		X	X	X			10
Family feeling transferred	X	X			X				X			X	X		X				X	X	9
Feet on the ground		X		X	X					X						X		X			6
Finding additionality	X	X		X	X						X		X	X				X	X	X	10
Finding the right people						X		X	X	X			X			X					6
Formalised Models			X		X			X				X	X					X		X	7
Goal alignment	X	X		X	X				X		X		X							X	8
Goal misalignment				X			X			X		X		X	X			X			7
History bound					X	X				X	X	X									5
Impact washing	X			X		X				X		X									5
Informal models		X		X					X	X								X			5
Lack of measuring	X			X	X			X				X		X	X	X			X		9
Long-termism	X			X		X	X	X	X	X		X	X		X	X	X		X		13
Loyalty in P companies	X	X		X					X								X			X	6
Majority ownership strength		X		X	X		X			X		X								X	7
Need for speed						X	X			X		X	X								5
Neglect future gen				X	X	X	X	X	X			X				X					8
Networks to find companies	X	X		X			X	X			X			X						X	8
Nimbleness of FO	X			X	X	X					X	X				X		X			8
No difference other investors	X	X						X			X		X	X				X			7
No genuine impact interest	X			X						X	X			X	X			X	X		8
Scared to disrupt status Quo				X	X			X		X						X					5
Segment focus			X	X		X	X	X		X		X	X	X		X			X		11
Share our strengths	X				X			X				X	X			X		X	X	X	9
Total	19	16	9	22	18	14	13	17	12	20	10	19	14	13	6	14	6	15	10	16	283

Specification of codes and their appearance in each interview

9.3 AI Disclosure

1. What AI tools have been used and how.

AI has in this thesis been used to check for spelling and grammar errors and to improve readability, but without changing the content and with the sole purpose to simplify the understanding for the reader and avoid human errors. For doing so, the large language model ChatGPT4 was used. AI was only used to alter any text or information, at one point in time, just prior to handing in. This was the only AI enhancement used for the thesis itself and was done to all parts except for the Empirics (5). In this section, we realized much of the important nuances disappeared in favor of conciseness, which was undesirable for our rich descriptions.

Additionally, the same model has been used to summarize articles throughout the spring of 2024, to see if they were relevant for the thesis. If the article, however, seemed relevant, the rest of the work and all additional information was grasped from the original article itself.

The proper citation for the spell check is found below, and through the links, the full conversations can be extracted (keep in mind that the generated text for chapter 5 was never used):

OpenAI. (2024). ChatGPT (gpt-4-0613) [Large language model].

<https://chat.openai.com/share/46accdd8-fce8-4bdb-915e-ee830d187d61>

<https://chat.openai.com/share/b0d47615-7f1a-4f46-bbd7-e9b0e9d6b9eb>

<https://chat.openai.com/share/a29ddb71-1c35-48f9-a62f-8195ae05fdbe>

<https://chat.openai.com/share/9a5da0a2-dfbc-49b0-85d1-09efe4c760f2>

If the links have expired, please reach out to 24544@student.lhs.se AND fredrik.holmberg@hltab.se as the chats are also locally stored and can be shared upon request.

Any changes that have occurred after what was generated from the LLM above is by the authors, who after the AI changes separately and thoroughly went through the pre and post version, side by side, to ensure no content, subtle meanings, or referencing had been changed.

2. In what ways have these tools contributed to increasing the quality of the thesis?

AI has contributed to increase the quality in two ways. Firstly, the improved readability and avoidance of spelling errors decreases the risk for misunderstandings and facilitated the simplification of complex topics. Secondly, it helped throughout the research project to identify whether articles were relevant for the topic, which means more articles were able to be screened in less time. As a result, the selection of articles used in the thesis is mostly likely of higher relevance and quality thanks to the LLM.

3. What potential risks were found using AI and what measures were taken to reduce these risks?

The main risk we see is that the AI alterations lead to misinterpretations in what we're trying to communicate, which could lead to some knowledge being lost or misrepresented. However, to mitigate this, the final prompt was clearly stating not to alter any content or citations. This, complemented by the manual checks by both authors separately afterwards, ensured that the

content was the same and hopefully minimized the risk that any insights were lost or changed. This was also how we realized that much of the nuances from the empirics were gone, why we decided to not use the spelling and grammar-checked version for this part at all for the final hand in.

Additionally, there is of course a risk that the summarization of articles is not grasping the main message for the second purpose of the AI in this thesis. However, after testing a bit, we found that the LLM summarized the content more efficiently than us, why we decided to use it. Nevertheless, we mitigated the risk further by reading the articles ourselves as soon as something seemed slightly interesting. As such, we don't see any severe risks with the way we used AI in this thesis given the clear guardrails we set up in the process.

4. What are the insights gained from using AI tools in the thesis writing process?

One insight is that there is a clear relief to be able to minimize the errata through using the AI, which certainly made us focus more on the quality and coherence of the thesis ourselves, not having to spend hours and hours ensuring spelling and grammar is correct. However, one insight from working with the AI, was that the best approach is to constantly question the answers and assume that all AI generated content is incorrect until confirmed otherwise. Keeping this mindset, made it easier to ensure that the LLM was never used to produce or alter any meaning or contents, as this is something current AI models cannot do reliably. Additionally, this was not of interest for us, as we were best informed on the topic from our interviews and felt that we could produce the most interesting insights ourselves.